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A STUDY OF
CHARTER SCHOOLS AND VIRTUAL SCHOOLS
IN IDAHO

MAY 2006

THE LEAGUE OF WOMEN VOTERS OF IDAHO



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League of Women Voters of Idaho

A STUDY OF CHARTER SCHOOLS AND VIRTUAL SCHOOLS IN IDAHO

MAY 2006

The delegates to the League of Women Voters of Idaho Convention of 2005 voted to study: Charter¹ Schools and Virtual Academies, including but not limited to financial and academic accountability, curriculum, and the impact on the local school districts and student achievement.

The study was undertaken by the League of Women Voters of Lewiston, Boise, Kootenai County, and Pocatello. Each of the Leagues was responsible for one portion of the study. LWV of Moscow was responsible for combining the studies into one report.

SCOPE OF THE STUDY

Each of the sections below follows a similar format. The laws and rules concerning the topic were reviewed; information was presented on the charter schools that related to actual situations and what issues have been identified; a discussion followed on whether the charter schools laws were adequate to regulate charter schools in light of the examples given. The sections include:

- **Governance and Operation** of charter schools, which covers how charters are formed, and the role of chartering entities and governing boards;
- **Student Selection and Demographics**, which explains how students are selected for enrollment and what demographic profiles result from that selection;
- **Academic Accountability**, which reports the standards of student achievement and how charter schools meet them, and also the impact on academics that charters schools have on traditional public schools;
- **Financial Accountability**, which explains how charter schools are held accountable for their finances, the difficulties of a public institution also being a nonprofit corporation, and what the relative costs of charter schools and traditional schools are.

The purpose of this study is not to decide whether the charter school movement is a good thing for Idaho public education or a bad thing for Idaho public education. It is taken as a given that charter schools have a rightful place in public education and have benefited it in many ways. Those benefits are in no way minimized by their lack of mention in this report. It is the issues regarding charter schools that will most likely have to be addressed by the League of Women Voters of Idaho from a comprehensive position—a position which will be developed from this study. Then the League of Women Voters of Idaho can work with legislators and administrators to achieve the best possible governance of charter schools in Idaho.

¹ For clarification, when the word “charter” is used within this report, it refers to all schools that come under the charter school law including virtual schools. The term “virtual” is used only when virtual schools are being discussed.

INTRODUCTION

History

The charter school movement began modestly in the 1970s in New England when an educator suggested that small groups of teachers be given contracts, “charters”, to explore new approaches in education. The movement evolved slowly until the late 1980s when Philadelphia started a number of schools-within-schools and called them “charters.” In 1991, Minnesota passed the first charter school law, and by 2003, forty states had signed laws allowing for the creation of charter schools. Since 1994, the US Department of Education has provided six million dollars in grants per year to support states’ charter school efforts. Nearly 3,000 new charter schools have been launched since states began passing charter legislation in the 1990s.

The US Charter Schools organization describes the movement as follows: “Chartering is a radical educational innovation that is moving states beyond reforming existing schools to creating something entirely new. Chartering is at the center of a growing movement to challenge traditional notions of what public education means. Chartering allows schools to run independently of the traditional public school system and to tailor their programs to community needs. While not every new school is extraordinarily innovative and some school operations may mirror that of traditional public schools, policymakers, parents, and educators are looking at chartering as a way to increase educational choice and innovation within the public school system.”

Nationwide, charter schools are managed in a variety of ways. Some states require that their charters be entirely managed through their current system of local school board control. Other states permit charters to contract some of their management with for-profit companies but retain oversight of the schools’ governance. Other states permit charters to be wholly owned by for-profit companies. These for-profit companies are known as Education Management Companies or, on Wall Street, EMOs. Though EMOs have contracts with some traditional public schools to provide their management, 81% of all privately managed public schools are charter schools (2003-2004).

Virtual schools are a relatively new form of charter school. They are operated in individual states as part of the charter school system and thus mirror the same sort of management profiles as noted above which are determined by state law.

Charter schools, being public schools, participate in the same measurement protocols as traditional public schools, the results from which can be statistically comparable despite the differences in demographics and enrollment. One measurement that is not standard, but which is often used in comparing charter schools to traditional schools is parent and student satisfaction. Certainly the founders, staff, and parents of charter schools are noted for their devotion to their schools and work very hard to make them a success.

Minnesota defined the three basic values by which charter schools are to be developed: opportunity, choice, and responsibility for results—values which most states in their legislation have adopted.

Charter Schools in Idaho

The legislature of the State of Idaho passed legislation in 1998 to allow the establishment of Charter schools in Idaho. The purpose of charter schools in Idaho is to experiment with different teaching methods and curriculum with a student population that is there by choice, with the expectation that successful methodologies would be incorporated into the traditional public school. Charter schools are publicly funded and are non-discriminatory and non-sectarian.

Charter schools are exempt from Administrative Rules of the State Board of Education except for certification, accreditation, attendance rules, criminal background checks, alternative school rules, and any rules specifically for charter schools. Teachers must be Idaho certificated.

A charter school originates when a group of people commit to starting a school or to converting an existing traditional public school into a public charter school. This group (the founders) petition either their local school board or the Charter School Commission to receive a charter. In 2005, the charter school law was amended. The amended law now requires virtual schools to petition the Commission, not the local school board. The organization that approves the charter becomes the authorizing chartering entity and is responsible for the oversight of the school.

Students apply for enrollment and are chosen by lottery. Ten percent of the enrollment of a charter school may be reserved for children of the founders. If there is an over-enrollment condition, preference is given to siblings of previously accepted students.

Charter schools employ a variety of instructional models. Charter schools must participate in the statewide assessment program, must be accredited and must present programmatic audits to their chartering entity each year.

The charter school must incorporate as a non-profit corporation in the State of Idaho. It must have a governing board that directs the operation of the school and also serves as the board of directors of the nonprofit corporation. The school functions independently of the school district where it is located. A charter may not be granted to or operated by a for-profit entity but a charter school may contract with one for products and services which aid in the operation of the school. Charter schools receive most of their funding directly from the state. They do not receive any funding from property tax. Charter schools are prohibited from having bond, supplemental, or facility levies. They can borrow money just as any business could. They must present a financial audit to their chartering entity each year.

Virtual charter schools are those that deliver education entirely through the internet—there is no campus. Brick and click charter schools are schools with a campus but who use web-based curriculum.

There are currently 24 charter schools enrolling about 7,400 students or about 3% of Idaho's K-12 population. Sixteen of these charter schools are authorized by 13 different districts, and eight are authorized by the Idaho Charter School Commission. Three more have received authorization by the Commission to begin operation in the 2006-2007 school year, and three have been authorized by local school boards.

CHAPTER ONE

GOVERNANCE AND OPERATION OF IDAHO CHARTER SCHOOLS

In this chapter, the content of the codes and rules that relate to the governance and operation of new charter schools are presented. The process that establishes charter schools is reviewed, and the structure and responsibilities of chartering entities and governing bodies are discussed. Problematic situations involving the petitioning process, the chartering entities, and the governing bodies are presented. The operations of the virtual schools in contrast to the brick and mortar charter schools are reviewed. The question of whether the current laws and rules can hold charter schools accountable for the governance and operation is addressed.

CODES AND RULES GOVERNING CHARTER SCHOOLS

Idaho Code Chapter 52, Title 33, which was revised in 2005, describes how charter schools shall be governed and operated. Rules have been established to govern charter schools—IDAPA 08.02.04 (Rules Governing Public Charter Schools) and IDAPA 08.03.01 (Rules Governing the Charter School Commission). Idaho Code 33-5202A defines a charter school in Idaho as “a public school which is nonprofit, publicly funded, and nonsectarian.” It operates independently within the existing public school system and is governed by the conditions of its approved charter and the general education laws of the state. It must operate in accordance with the state educational standards of thoroughness as defined in Section 33-1612 of the Idaho Code. Though Charter schools are exempt from most State Board of Education rules that pertain to public schools, the rules they are not exempt from are:

- Waiver of teacher certification as necessitated by provisions of specific sections of 33-5205
- Accreditation of the school as necessitated by provisions of specific sections of 33-5205
- Qualifications of a student for attendance at an alternative school as necessitated by provisions of specific sections of 33-5208
- The requirement that all employees of the school undergo a criminal history check as necessitated by section 33-130
- All rules which specifically pertain to public charter schools (2004)

ESTABLISHING A CHARTER SCHOOL

Idaho Code 33-5205 defines how charter schools can be established. Any group of people can **petition** to create a new school or to convert an existing traditional public school to a charter school (this chapter will only deal with new charter schools). The group that petitions a local school board or the Charter School Commission for a charter is known as the **founders**—a group of no fewer than thirty (30) qualified electors of the area that the charter school will serve. Founders present the petition to either their school district’s Board of Trustees or to the state’s Charter School Commission. These two groups are known as **chartering entities**.

Petitioning Process

The founders can learn about the petitioning process through the Department of Education Charter School Handbook and other sources linked to the Department of Education website (Ref. 44). There are 38 elements to a petition which detail the educational program and the standards, governance, and operations of the charter school. Issues such as personnel, student transportation, child nutrition, facilities, and other services are to be determined by mutual agreement between charter applicants and the local

school district. Thus it is important that, before completing their petition, the founders meet with local school district officials and school board members to discuss these issues.

All Idaho charter schools must be organized and managed under the Idaho Nonprofit Corporation Act. Prior to submitting a petition for a charter, the founders must file as a nonprofit corporation with the Secretary of State. The Articles of Incorporation and Bylaws then become part of the petition.

The petition must identify the governing body of the school that will be responsible for carrying out the charter. Generally this governing board or management team is composed of teachers, parents, and community members, selected through a process spelled out in the charter and in the bylaws of the corporation. The governing board of the school also serves as the board of directors of the nonprofit corporation. This governing board is responsible for all operations of the school in addition to hiring the administrators and staff.

The petition must describe how the schools will operate. There is flexibility in the rules that allows charter schools to adopt operational policies different from traditional public schools. Attendance policies, discipline, grading, the start and end of the school day, class scheduling, holidays/in-service days/school breaks, field trips, and extracurricular activities are just some of the issues that should be described by the founders in their petition.

The petition must describe the charter school's service area (also known as the attendance area). It is usually the school district in which the charter school resides but it also can be a portion of a district, many districts, or even contiguous counties. Primary attendance areas and secondary attendance areas can also be designated. In the case of a virtual school, the entire state of Idaho is the attendance area.

The founders must sign the petition and send it and all the supporting documents to the Department of Education which will review the petition to determine if it complies with statutory requirements. The Department uses a Legal Sufficiency Review Checklist, which has 37 items, to evaluate the petition. If there is an insufficiency, it is recorded as a *finding* and a *recommendation* is made to the petitioners so they can correct the problem. Sometimes the correction is a matter of changing a word or two, or it may require a more comprehensive description of one of the elements of the petition. A finding can also warn that the school will be out of compliance with a law if it operates as it describes. This Legal Sufficiency Review (also known as the Sufficiency Review) is then sent to the founders and to the relevant chartering entity. State Board of Education rules on charter schools Section 250, requires the founders to change the petition to correct the insufficiencies (Ref. 44, p. 7). It should be noted at this point that the Department of Education does not have the authority to require compliance with the Sufficiency Review, either from the founders or from the chartering entity [Ref. 47]). The founders then submit their petition, the Articles of Incorporation, the Bylaws, and other supporting documentation to the chartering entity for consideration.

After being presented with the petition, a local school board (the chartering entity) has 60 days to schedule a public meeting for the purpose of discussing the provisions of the charter. If the petition is being submitted to the Charter School Commission, the Commission can extend that time period to 90 days. Besides taking public comment, the Commission will also accept any oral or written comments from an authorized representative of the school district in which the proposed public charter school would be physically located.

Before rendering a decision on the petition, the chartering entity should take particular note of the findings on the Sufficiency Review and ensure that the recommended changes to the petition have been

made. If a petition for a charter school is approved and is signed by the chartering entity, it becomes a “charter”—a binding agreement between the new charter school and its chartering entity.

The charter is then submitted to the State Board of Education to be numbered in the chronological order in which it is received. The schools are allowed to begin operating in that order—one per district per year, and a total of six in the state per year.

If a petition is denied, it can be appealed. That process will not be described in this report.

Each year, the governing board must supply to the chartering entity a financial and programmatic audit, accreditation reports, and other documents so that the chartering entity can monitor the charter school’s compliance with its charter. If there is a defect in that compliance, then corrective action for compliance is outlined. If the defect cannot be remedied, then the chartering entity can revoke the charter. But between notice of defect and revocation, there are many steps that can either remedy the defect through improvement in the school or through revision of the charter by eliminating the item that triggered the defect notice. That process will not be described in this report.

Issues with the Petitioning Process

Compliance with recommendations on findings in the Sufficiency Review

The Department of Education does not have the power to require the founders to change their petition to comply with the department’s recommendations in the Sufficiency Review. The department cannot require that a chartering entity deny a petition that is not in compliance with the Sufficiency Review. In essence, the Sufficiency Review is an advisory document. An example of when compliance with the Sufficiency Review may have helped deter later problems is with a particular virtual charter school’s Special Education program. The Sufficiency Review cited 10 problems with their Special Education program as outlined in the petition. Although the petition was amended, many of the problematic items remained. In 2005, the school received a Corrective Action Plan from the Department of Education on its Special Education program for not providing an adequate program. (Ref. 18 and 41)

Dual submission of petitions for charter

Founders for one charter school stated their plan to submit their petition to two different chartering entities at the same time in the hope that one or the other would act quickly (Ref. 53). The motivation for this plan was to try to get a charter as quickly as possible so that it could be sent to the State Board of Education (SBOE) for early numbering—which would determine its starting year of operation. Since only one charter school per district per year can begin operations, their SBOE number was crucial. This practice could create a wasteful duplication of effort and resources for the chartering entities. Apparently, the current the law does not prohibit this practice.

Inadequate or unrealistic facility and operational plans:

There have been instances where not enough expertise or attention has been given to the details of such things as building facilities and debt management in new charter schools. Schools are in a hurry to get their charter's approved so they can get onto the State Board of Education list. They may not be adequately prepared to open on the designated start date. If that school's opening has to be suspended for a year to allow opening preparations, the delay could result in two charter schools starting operations in the same year in the same district; or if the one school per district per year rule prevailed, it could prevent the second charter school from opening on its designated start date. If a school has to quit mid-year because of financial problems, districts schools will have to enroll those charter students without any extra funding. All these situations have a substantial impact on the districts.

Designation of attendance area borders

A charter school must have an attendance area that has contiguous borders. This prevents a school from designating particular home addresses or from designating sections of a district that are not next to one another. Idaho schools can take students from neighboring states, and there is compensation from the other states for this practice. Sometimes in sparsely inhabited areas, the nearest brick and mortar school is in another state. However the entire state of Idaho is the attendance area for a virtual school. It is not clear whether the law allows entire neighboring states and beyond to be designated as an attendance area for a virtual. In one Sufficiency Review of a virtual school, the State Department of Education recommended that "Since a school of this type may be attractive to families who live outside of the State of Idaho, describe in the charter petition the school's policies concerning out-of-state students." The policies being referred to are the school enrollment priority policies. It also is unclear whether a student from anywhere in the US (or internationally) could enroll in a virtual school as a private student and if so, if the student's school district or country would reimburse the school. (Ref. 41)

In her address to the Joint Finance and Appropriations Committee on January 26, 2006, Dr. Marilyn Howard, State Superintendent of Schools, stated that she had been asked by a legislator if there were any out-of-state students enrolled at any of the on-line schools in Idaho. She reported, "I don't know. Students do not enroll with the state. They enroll at the school level, and so we have no way of verifying student residency."

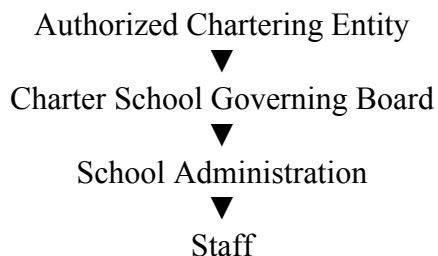
According to enrollment figures cited on the Charter School Network website, 39% of charter school students are enrolled in virtual schools, although only four of the 24 charter schools in all of Idaho are virtual schools. It is important to know if the students enrolled in those virtual schools actually reside in Idaho.

Discussion

If a petition is well written, it can be a substantial document from which the school can operate and from which the chartering entity can productively oversee the school. It is the legally binding statement of how the school will be governed and operated. It must be realistic in recognizing the difficulties a charter school will face, and it must pose realistic approaches and policies to deal with those difficulties. An added challenge to local school boards and the charter schools is learning how to manage and oversee the special hybrid structure of a charter school—which is a corporation with bylaws as well as an educational institution. Of particular importance to the success of a charter school is the cooperation and support that should exist between the charter school and the school district. In preparing the petition, the founders of the charter school can help establish that cooperative spirit by working on the details of mutual interest and responsibility with the district staff.

GOVERNANCE

The governance of a charter school can be visualized in the figure below. The ▼ symbol implies *oversight* over the group below it.



GOVERNANCE — CHARTERING ENTITIES

An Authorized Chartering Entity can be the local school board of the district in which the charter school will be located, or the State Board of Education’s Charter School Commission. An authorized chartering entity may adopt its own charter school policies and procedures describing the charter school petition process and the procedures with which the petitioners must comply in order to form a new public charter school. Those processes and procedures must comply with Title 33, Chapter 52 of the Idaho Code and the rules of the State Board of Education. Every chartering entity that approves a charter is responsible for ensuring that every public charter school program they approve meets the terms of the charter, complies with the general education laws of the state, and operates in accordance with state educational standards of thoroughness. The chartering entity cannot be held liable for any operation of the charter (unless provision is explicitly provided within the approved charter).

In 2004, the legislature created an independent Public Charter School Commission to be located in the office of the State Board of Education. The commission is made up of seven members, all of whom are appointed by the governor, with the advice and consent of the senate. Three members are to be current or former members of boards of directors of Idaho charter schools, and three members are to be current or former trustees of an Idaho school district. In addition, one member is to be a member at large of the public and not directly associated with the Idaho public education system. This individual is nominated by the other 6 members. Members’ terms are staggered from one to four years.

Since March of 2005, petitions for all virtual schools must now be sent to the Charter School Commission and not to the local school boards for consideration because they serve the whole state rather than a single district. The commission can also grant charters to schools whose petitions are denied by local school boards. The commission may grant charters to schools who are dissatisfied with their current chartering entities and wish to transfer their charter to the commission. Currently the commission serves as the chartering entity for 8 of the 24 charter schools currently operating, and the commission will serve as the chartering entity for three of the four schools approved for operation in 2006-2007. These schools are both virtual schools and brick and mortar schools.

Districts and Charter School Commission Authorized Charter Schools 2005 (Ref. 5)

Blackfoot (1)	Meridian (3)	Salmon (1)
Boise (2)	Moscow (1)	Snake River (1)
Bonneville (1)	Nampa (1)	Vallivue (1)
Coeur d'Alene (1)	Pocatello (1)	White Pine (1)
Lake Pend Oreille (1)		Charter School Commission (8)

Issues concerning chartering entities

Accountability to citizenry

Local School Boards are elected, and they are accountable for their actions to the electorate. The Charter School Commission is appointed by the Governor, and thus would be only indirectly affected by the election process (that of governor). Local school boards can grant only one charter per year. The Commission could conceivably grant all six allowed per year in the state if local boards denied the petitions or if the schools applied to the Commission rather than the local school board. Over time this could, in effect, swing the governance of most charter schools to the Commission. For school year 2006-2007, three of the four approved charter schools have been granted their charters by the Commission.

Override of local district authority

The Charter School Commission has the authority to grant a charter to a school that serves any or all districts in the state whether those districts want the charters to open in their districts or not. This impacts the finances of the district and takes away the control of public schools in the district from the local school board. The Commission also can make operational decisions on behalf of a charter school that affects a district outside of the charter's attendance area. For instance, the Charter School Commission granted permission for one of their charter schools to operate in a district other than its designated attendance area because the school didn't have a building ready in their own district. This was over the objection of the district where the school was being relocated (Ref. 8). This raises the question: 'could one local school board give permission to a charter school to temporarily operate in another school district over the objections of that district?' If the powers of the chartering entities are the same, then it follows that the actions of the Commission in this case might be duplicated by a local school board.

Adequacy of oversight

Several charter schools have proven to be problematic for a variety of reasons, and it is questionable whether some of their chartering entities have the will, the resources, or the expertise to bring those charter schools into compliance. One school board had difficulties in acquiring financial records for its charter school. A citizen finally sued the charter school for the records and made them available for public scrutiny (Ref. 7). In a second example, the another school board approved the charter for a school even though the Sufficiency Review by the Department of Education found the charter petition to be quite inadequate in many areas (Ref. 19 and 42). After several years, the school's virtual program applied for a charter with the Commission, but it was denied. The Commission based its denial on the school's record of inadequate Special Education programs, its failure to meet federal and state student achievement standards (including Adequate Yearly Progress), and concerns over teacher certification standards, the teacher-to-student ratio, budgeting issues, and finally, a curriculum that may violate the separation of church and state (Ref. 52). The school district retains the charter.

Adequate resources for oversight

There are instances where local school boards have turned down charter petitions not because there is fault found in the petition but because the local school boards recognize that they do not have the resources to properly oversee the schools. An assessment of additional costs or time required of a local school board due to a charter school's oversight may be useful. If it is particularly onerous, then perhaps an oversight fee may be appropriate.

There are instances where chartering entities have found it difficult to monitor the activities of their charter because of the resources required. One school district is now investigating the \$275,000+ loan with interest that a governing board member of a charter school made in 2003. A district spokesman said that oversight is difficult, "both from the fact they operate somewhat independently, and we don't have the manpower to provide oversight on a day-to-day basis" (Ref. 36). In a meeting of the Charter School Commission on May 12, 2005, Bill Goesling, one of the commissioners, expressed the belief that one of the Commission's major responsibilities is the concept of oversight, and it was critical to that oversight that the boards of the various charter schools approved by the Commission are knowledgeable in the law and statutes about charter school operations. It seemed to Goesling that the schools were looking to the Commission and its staff too much for guidance on how to do their job and, he went on to say, "I think we just do not have the people power to be able to do that." (Ref. 6, audio)

Discussion

According to a study by Hassel, Ziebarth and Steiner, "There is a growing recognition that effective charter school authorizing is critical to the success of charter schools. By ensuring schools have both the autonomy to which they are entitled and the public accountability for which they are responsible, charter school authorizers fulfill important responsibilities"(Ref. 14 p. 2). When states first passed charter school laws, this role was sometimes overlooked. The authorizers of most charter schools across the country are the local school boards. But other entities in those states have also been given status as authorizers. Idaho is one of 5 states that have created a special commission to be an authorizer. Nine states permit universities and colleges to be authorizers. In 12 states, the state board of education, the state commissioner of education or department of education can be authorizers. Other examples of authorizers include: Mayors, city councils, nonprofit organizations, and regional educational entities. Each authorizer has its advantages and disadvantages. In the years to come, the success of each type of authorizer may become apparent, which could result in a coalescing of opinion on the most effective authorizing entity. A study by Palmer and Gau concluded that, "States with fewer authorizers, serving more schools each, appear to be doing a better job." (Ref. 14, p. 14).

The charter school law encourages cooperation and coordination between charter schools and the school districts in which they reside. Most charter schools, which are overseen by their district's school board, do have this good relationship, and there is excellent communication between them. Oversight becomes an ongoing process rather than a once-a-year reckoning. A charter school seeking advice on performance standards, assessment arrangements, transportation, or even food catering could communicate with the local district. In cases in which the Charter School Commission is the chartering entity, a charter school is supposed to get advice from the staff of the Commission and the Department of Education. It is not known to what extent these charter schools interact with the districts in which they reside. With charter schools being a relatively recent development in Idaho, there are many such oversight practicalities yet to be determined.

GOVERNANCE — GOVERNING BOARDS

The governing board of a public charter school is responsible for ensuring that the school is adequately staffed and that the school is in compliance with all of the terms and conditions of the charter. Each year the board must submit a report to the chartering entity, which includes an audit of the fiscal and programmatic operations, a report on student progress, and a copy of the school's accreditation report. The governing board also is responsible for promptly notifying its chartering entity if it becomes aware that the school is not operating in compliance with the terms and conditions of the charter. (Ref. 38, p. 10)

In Idaho the public charter school is organized and managed under the Idaho Nonprofit Corporation Act. The members of the board of directors of the charter schools are public agents—authorized by a public school district, the public charter school commission, or the state board of education—to control the public charter school. However they function independently of any school board of trustees in any school district in which the public charter school is located or independently of the public charter school commission except as provided in the charter. The board of directors of the nonprofit corporation constitutes the governing board of the school. Under Idaho law, they have the same responsibilities and must follow the same laws as the board of directors of any nonprofit corporation. They also are subject to the provisions of the Idaho Code Sections 18-1351 to 18-1362 on:

- bribery and corrupt influence
- prohibitions against contracts with officers
- ethics in government
- open public meetings
- disclosure of public records

...in the same manner as a traditional public school and the board of school trustees of a school district are subject.

A public charter school may operate as a nonprofit corporation—borrow money, sue or be sued, purchase, receive, hold and convey real and personal property for school purchases. Authorized chartering entities do not have any liability for the acts, omissions, debts or other obligations of the charter school.

It is unlawful for any director to have pecuniary interest, directly or indirectly, in any contract or other transaction pertaining to the maintenance or conduct of the authorized chartering entity and the charter or to accept any reward or compensation for services rendered as a director.

Issues regarding governing boards

Selection of the boards

The process for selecting the governing boards of charter schools is outlined in the petition and in the Bylaws of the Articles of Incorporation. It is not required that governing boards be elected by the founders or families associated with the school. They can be selected by an internal process within the board itself. To be more consistent with the idea of a public school, election of the board by all the stakeholders should perhaps be required. But there is a debate about what constitutes a good board. Some schools may wish to have parents and educators on the board. Some schools may recommend having other professionals on the board—a good facilities person or a good finance person or perhaps a good lawyer. It is becoming apparent that managing a charter school (and overseeing one) requires not only expertise in education but expertise in business.

Conflict of Interest

There are examples of conflict of interest in two areas—the make-up of the boards themselves and pecuniary interest in the school by board members.

The make-up of the board—separation of oversight responsibilities. Essential to the oversight process is that the chartering entity is independent of the governing board. An example of how this separation has not been maintained is a virtual school, authorized by the Whitepine District. The school board of the Whitepine district chartered the school prior to the school filing its Articles of Incorporation and before a Sufficiency Review by the Department of Education. The school board members also signed (as its Board of Directors) the Articles of Incorporation for the school. The superintendent of the Whitepine district also is the director of the charter school and was the initial incorporator of the nonprofit organization. He also is listed on the Certificate of Authority as the Initial Registered Agent of the service company contract by the schools to enable the contractor to transact business in Idaho (Ref. 32). The Attorney General Opinion No. 86-13 written to the Secretary of State, states that “School districts are constitutionally prohibited from creating or aiding any private nonprofit corporation, and are not statutorily authorized to create public corporations”. The charter petition states that the school will be governed by the Whitepine Joint School District No. 288 and will adhere to the policies and procedures of the Whitepine School District (Ref. 41). The charter was amended later in 2004 and now states that as a district sponsored charter school, the Whitepine charter school board will adopt as its policies, and will adhere to policies and procedures of the Whitepine Joint School District No 288 (Ref. 19). In the Sufficiency Review of the petition in June of 2004, made after the school was chartered, the Department of Education issued a recommendation that “new governing board members must be selected immediately and the Office of the Secretary of State must be notified of the changes amending the Articles of Incorporation....It would be acceptable for one trustee to serve on the charter school governing board” (Ref. 41, p. 2). Fully independent board members have yet to be selected.

Pecuniary interest. School board members are not allowed to benefit financially from the school. However in several cases, this has taken place specifically either in the formation of the school itself, or with the on-going operation of the school. In the formation of one virtual school, a board member of the nonprofit corporation of the school was also the director of the out-of-state for-profit company that was supplying the educational programming and other services to the school (Ref. 35). In another example, board members from a charter school have service contracts directly with the school, and another member of the board is an employee (Ref. 22). Yet another example is where a board member of a charter school loaned the school a large sum of money and has collected interest on that money. (Ref. 36)

Deferment of responsibilities

For-profit education companies are not allowed to own charter schools in Idaho. However, governing boards of charter schools can contract with for-profit companies for operational services. There are situations in which schools have turned over so much of their oversight activities that there is a possibility that the boards themselves do not have as much control over their expenditures, staffing, educational programming, or special education services as was intended.

Financial control. One virtual charter school does not employ financial personnel to handle its finances but rather contracts the function with a for-profit corporation—the same corporation that provides educational programming services. This corporation’s financial information is proprietary so it is not possible to know how public moneys are spent. “Is IDVA a public school that has contracted for services, or do we not have a corporate school that was organized by the corporation, is owned by the

corporation, but is being operated with public dollars? There are not open elections for board members, and we cannot ‘cost out’ actual operational costs”—Senator Gary Schroeder. (Ref. 35, p. 4)

Staffing. Another virtual school contracts for services with an out-of-state nonprofit corporation. The charter school’s petition of 2004 states “An authorized representative of WW IDEA shall interview applicants, confer with Field Representatives or representatives of I-DEA parent advisory committees, and make recommendations to the I-DEA Charter School administration and Board regarding I-DEA employee hires for the program.” In the Sufficiency Review of the 2004 petition, the recommendation was “Rewrite this section of the charter petition so it is clear that the governing board of the charter school has the role and responsibility for recruitment and selection of qualified personnel to be employed by the charter school” (Ref. 41). The amended version still contains the same language.

Educational programming. Each charter school is to be responsible for its own educational programming. However for several charter schools, an outside party may impose control over the educational programming of the school, rather than the school’s governing board. (Ref. 13) There is a teaching methodology, called the Harbor Method, which was developed in a public school but has been marketed through a nonprofit institute called the Harbor Educational Institute (also known as The Harbor Institute). This method has become very popular and has been adopted by one traditional public school and nine other new charter schools. To qualify as a Harbor school, certain steps must be followed. The governing board of the new charter school contracts with the Harbor Institute to oversee the use of the method in the school and to assist with the financial set-up of the school. The school must comply with the requirements of the Harbor Institute in its operations or lose its certification as a Harbor School. Each year, the school is visited by representatives of the Institute who observe how the method is being taught. If there are deviations from the Harbor Method, the Institute then has the right under the contract to require a “retraining” of the staff to bring them into compliance, *regardless* of how successfully the students perform academically.

Special Education services. A charter school may contract with a for-profit company to provide special education services but it is still the responsibility of the governing board of the school to oversee the employees of the for-profit company who are providing those services. A virtual charter school was penalized by the Department of Education for not providing adequate special education services. The charter school contends that the for-profit company is responsible for paying the penalty because it was their employee who did not perform as needed. The school’s chartering entity decided that regardless of who is paying the employee’s salary or who is responsible for paying the penalty, the school is still responsible for providing the service. That responsibility cannot be deferred to the service contractor. (Ref. 6, June 9, 2005)

Discussion

Governing boards bear a tremendous responsibility for the success of their schools. The members of the boards are uncompensated and must devote a great deal of time, energy, expertise, and passion in order for the schools to be well-run and academically successful. Governing boards are in the position of serving as boards of directors of a corporation at the same time as serving as directors of a school. It is a difficult task to balance the demands of both. Greater attention should be given to the make-up of governing boards throughout the petitioning process. Those people who are motivated sufficiently as founders may not be the most capable in the operation of the school.

OPERATIONS

In its charter petition, each school establishes its operating procedure. Because many charter schools are experimenting with different educational approaches, they may differ widely from one another in administrative styles, scheduling, course offerings, teacher/student ratios, class size, and so on.

The educational delivery in brick and mortar charter schools is similar to that in traditional public schools—there are classrooms with teachers using a curriculum that enables progression from one grade to the next. Student learning is observable and measurable.

The most observable difference between traditional public schools and brick and mortar charter schools is the facility itself. Many charter schools are housed in rented or portable buildings, having not yet had the opportunity or the funding to construct permanent facilities.

Although there may be some operational difficulties within some brick and mortar charter schools, they are not necessarily the kind that would benefit from rule changes or new legislation. Rather those problems could be addressed through oversight of the governing board or, ultimately, the chartering entity.

The greatest difference in operational styles is, of course, the difference between brick and mortar charter schools and virtual schools. A public virtual school means a public charter school that may serve students in more than one school district and through which the primary method for the delivery of instruction to all of its pupils is through virtual distance learning or online technologies (Ref. 33, 33-5202A). Most virtual schools use a packaged educational program via contract with a service provider.

Issues with operating virtual schools

Meeting the definition of a virtual school

There are four virtual schools in Idaho. One virtual school may not fit the definition of a virtual school. Since this school allows parents to choose their own curriculum, the school does not deliver the instruction to its pupils through distance learning or online technologies. The student, in fact, can have a non-virtual educational package delivered to his house and never go on-line to receive any instruction at all. The only on-line contact may be in the form of emails to the school about handling administrative matters or emails from parents with questions. In order for the education to be transported to the student, the virtual schools receive transportation money and technology assistance money from the state to make computers, phone lines, internet services etc. available to their students through use of their stipend. But the educational programming is not necessarily delivered via the web.

Certificated teachers

The primary teachers of students in virtual schools are the parents. Most parents are not certificated teachers. Although the contact teachers in the school are certificated, they do not deliver the instruction to the student. They assist the parent in delivering instruction to the student and keep track of records, arrange for testing etc.

Special Education programs

Special Education students have equal access to all schools including virtual schools. As noted previously, virtual schools have particular challenges in meeting special education needs. Their students may be located all over the state. And virtual schools must contract services for these students near their residences which can be quite a challenge.

Teacher-student ratios

Virtual schools tend to have much higher numbers of students for each teacher. The ratios run from one teacher for 35 students to one teacher for 150 students. The ratios generally exceed those that have been recommended for classrooms by grade-level. Some students are only required to interact with their contact teachers four times per year.

Discussion

Charter schools are relatively new to Idaho. The governing board of each school goes through a learning process that usually takes a few years before the operation becomes more routine. These difficulties are beginning to be recognized, and more resources are being made available through cooperative programs with the State Department of Education, the Office of the State Board of Education and the Idaho Charter School Network.

FUTURE CONSIDERATIONS IN GOVERNANCE AND OPERATIONS

One scenario that is making its way into the public consciousness is a recent proposal to have all charter schools overseen by one entity, such as the Charter School Commission. This would present a major departure from the system of locally managed schools. Advocates for this approach cite experiences in other states where one body provides a consistent and efficient oversight for all charter schools and takes the oversight strain off local districts. Those who dislike this scenario feel it would destroy the idea of accountable public education because the Charter School Commission is appointed by the governor, not elected.

But the major difficulty with a single-chartering-entity plan is that it would, in effect, create a separate school system. Although the members of the chartering entity might still be volunteers, it would take a large and professional staff to oversee all the schools—somewhat like a very large school district on its own with the capacity to add six schools per year to its oversight responsibilities. The result might be two systems, side by side, one headed by appointed officials, one headed by elected officials, both competing for public funds.

One aspect of charter schools that has not yet been reconciled to some people's satisfaction involves Attorney General Opinion No. 86-13, written to the Secretary of State, which states that "School districts are constitutionally prohibited from creating or aiding any private nonprofit corporation, and are not statutorily authorized to create public corporations." Charter schools are nonprofit corporations. Is the oversight of a charter school by a school district "aiding" a nonprofit corporation?

SUMMARY

If they were fully complied with and utilized by all involved, current laws and rules could be sufficient to counter almost all of the problems with the governance and operation of charter schools. If petitioners of a charter school were required to comply with the recommendations made by the Department of Education in their Sufficiency Review, many of those problems could have been dealt with at a very early stage of the charter school process before the petition was presented to a chartering entity for approval.

As experience with the charter school movement increases, the importance of the oversight role of chartering entities is being better understood. A major question to consider is whether there should be oversight of the overseers. The Board of Education has general oversight for all education in Idaho, but there is no protocol developed for the Board to intervene if a chartering entity proves itself to be

inadequate in its job. When charter legislation was originally passed, there was a five-year limit to the charter. That limit was removed in the 2005 amendments to the law.

There is one final concern that should be contemplated. The Charter School community is a small one, and there is a natural tendency, when a community is small, for the same people to be involved in many different aspects of its growth and function. Networking is vitally important. This is not a practice to be discouraged except when one group of people appear to exert so much influence that cronyism is perceived by others inside and outside of the community. One such situation exists, to some extent, with the Harbor Schools.

While working in a traditional public school, a teacher developed the idea now known as the Harbor Method. She and her husband created a company to trademark the method, and they teamed with a local television news anchor to produce a videotape at the public school for use in selling the Harbor idea to other schools. A school was chartered in 1999 to use the Harbor Method. The teacher, who was also a founder of the charter school, became the principal of the charter school. The tapes that had been filmed at the traditional public school were sold through a company which the founder had formed with her husband. To avoid a conflict of interest, the nonprofit Harbor Educational Institute was formed in 2004 and will hold the copyright for the Harbor Method for 10 years.

The local news anchor is on the board of the Harbor Institute and also is on the board of another charter school. Her husband helped start yet another charter school in Boise and is now a full time staff member of the Harbor Institute. A former member of the board of the Harbor Institute is a board member of a charter school and, in addition, is a member of the Charter School Commission appointed by the governor. A former state senator from Caldwell was one of the sponsors of the 1998 bill that allowed the establishment of charter schools. After the senator lost re-election, the governor hired him as a legislative liaison and education advisor. He promoted the creation of the Charter School Commission legislation which was passed in 2004. He left the governor's office and is now on the board of the Harbor Institute. Founders of a newly chartered Harbor school include the son of a member of the State Board of Education and the daughter of a former legislator who helped create the Charter School Commission (Ref. 13). The majority of the charter schools that have been awarded charters by the Charter School Commission are Harbor schools. (Ref. 5 and 13)

It must be emphasized that there is no suggestion of illegality in this story nor is there any assertion of lack of competence or good-will among the people involved. There are two issues to be considered, however. First, there is a possibility that a nonprofit corporation (Harbor Institute) closely linked to a public charter school is going into the business of developing other charter schools, and through contracts with those schools, receiving taxpayer money and exerting a good deal of control over the academic and financial aspects of those schools. Second, there is the observation that seven of the ten Harbor schools have been chartered by the un-elected Charter School Commission, and the founders of those schools are closely linked with legislators who promoted legislation for the Commission to be formed (Ref. 13).

CHAPTER TWO

STUDENT SELECTION AND DEMOGRAPHICS IN IDAHO CHARTER SCHOOLS

Charter schools are public schools, but, unlike traditional public schools, their students must apply for enrollment. Schools select their students from those applications. This chapter examines the laws and rules governing the student selection process and how those rules and laws may be put into practice. It also examines the demographic profiles of the charter schools that result when students choose charters, as well as the practices that charters employ in selecting their students. Possible problems in both student selection and the resulting demographics are discussed as well as possible solutions to those problems.

STUDENT SELECTION

The Public Charter School Law requires that enrollment must be open and free to any child. “A charter school cannot discriminate against any student on any basis prohibited by federal and state law which includes disability, race, creed, color, gender, national origin, religion, ancestry or need for special education services.” (Ref. 44, p.8)

The selection of students for a charter school in its first year is determined by lottery or other random method. If the applications for enrollment exceed the capacity of the school, then enrollment preference shall be given in the following order: Preference shall go first to the children of founders (those who made a material contribution to establish the school) limited to not more than 10% of the capacity of the school; second to the siblings of pupils selected by the lottery or other random method; and third to prospective students residing in the attendance area of the school. A fourth method is to employ other equitable selection processes such as a lottery or other random method.

If the applications for enrollment exceed the capacity of the school in subsequent years, then enrollment preference shall be given in the following order: Preference shall go first to returning students; second, to children of founders provided that this admission shall be limited to not more than 10 percent of the capacity of the school; third to siblings of pupils already enrolled in the public charter school; fourth to prospective students residing in the attendance area of the public charter school. A fifth method is to employ another equitable selection process such as by lottery or other random method. (Ref. 38, 08.02.04—203.06 & .07).

A new lottery shall be conducted each year to fill vacancies which become available. Names of students on the waiting list in one school year are not carried forward to the following year.

Rules Governing Public Charter Schools describes the process for equitable selection. The name of each prospective student is put on a prospective attendance list. Each student is coded for preferences: “A” for returning student, “B” for founder’s preference, “C” for sibling preference, and “D” for attendance area preference. Each student’s name is placed on a 3 X 5 inch index card. The index cards are separated by grade and each grade’s cards are placed in a separate container. A neutral, third party draws the grade level that will be processed first. Then the cards are drawn from the container one by one and numbered in order starting with one “1.” After each index card is selected, the name is compared to the proposed attendance list to determine whether any preferences are applicable to such person. The preference codes from the list are written on the cards. After all index cards have been selected for each grade, then the index cards shall be sorted for each grade level according to the codes on their cards. “A’s” are selected first then “B,” “C,” “D,” and they are put in numeric order within their letter groups.

The names of the persons in highest order on the final selection list have the highest priority for admission and will be offered admission until all seats for that grade are filled. A waiting list is compiled from the remaining names on the attendance list. (Ref. 38, 08.02.04, section 203.08 &.09 & .10)

Students may apply to a brick and mortar charter school if they reside in the area that the charter school has designated as its attendance area. These charter schools in their petitions usually designate the school district in which they are located as their attendance area, but not always. For instance, a charter may designate a specific new housing development which has just been built as its primary attendance area. But because there may not yet be enough residents to meet the capacity of the charter school, another area, such as the district in which the charter school is located, may be designated as a secondary attendance area. If the housing development becomes fully occupied, the students in the secondary attendance area may then lose their preference for enrollment as well as siblings of current students, that is, a new student in the primary area would have preference over a newly-enrolling sibling of a returning student from the secondary area of attendance (Ref. 37, p. 5).

Virtual schools may draw their students from all over the state of Idaho. However, access is limited to children with at least one parent who can be home to teach them and to deal with the mechanics of virtual delivery—internet, fax machines, and telephone. Their enrollment capacity is not limited by the physical space of a brick and mortar school. The limitation of their capacity is more a function of the student/teacher ratio that the virtual school has planned for and the grades that they are serving. Because some virtual schools have allowed up to 150 students per teacher, this allows a vastly larger student enrollment than would be feasible if virtual schools had to follow the student/teacher ratios in the traditional public schools or the brick and mortar charter schools. Nevertheless, there are more applicants to virtual schools than capacity, so selection procedures must be employed there as well.

Issues concerning student selection

Lack of transparency in process

The selection process outlined in the law describes how the selection process should work, but there is no requirement of the schools to account for how they put that process into practice. To ensure equal opportunity to attend a charter school, the process should be transparent and accessible to parents and the chartering entity. Certainly personal information on students should not be available to the general public, but parents should receive notice that:

- their child (children's) application has been received and their name(s) have been entered on the attendance list;
- their child's application will be coded in a particular manner (and what those codes mean);
- the day and time of the lottery will be announced and results will be available in a timely manner;
- the proper selection from the waiting list can be verified;
- and if there is a departure from the suggested student selection process outlined in the Idaho Code 33-5205, it should be explained and justified.

Because applications are part of the school's records, it would be assumed that they would be handled in as secure a manner as student records in the traditional public schools. Currently each board and staff of a charter school has its own protocol for management and processing of the applications, and, without transparency, there is room for a selection process that lacks integrity. A rule to require an independent entity to be in charge of the student selection process, including the management of the applications, the conduct of the lottery, and the verification of the use of the waiting list, may be advisable. (Ref. 24)

Attendance lists

The attendance list is the list of students in their preferential order of selection. The attendance lists also include the waiting list. There is a problem in the process outlined in the charter law concerning preferences for siblings of selected students. If a child's application is late, that child's name is automatically put at the bottom of the waiting list. If there are enough openings and that child is selected and that child has a sibling, then by the rules currently in place, that sibling is automatically moved to the bottom of the sibling list, a position of higher preference, instead of remaining at the bottom of the list generated by the lottery. This essentially allows some students that apply late to have a higher spot on the waiting list than students that apply in a timely manner (Ref. 24). Another problem with the attendance lists is that some schools retain their list from year to year instead of conducting a new lottery each year. This means that the list includes children on the waiting list from the previous year and the new applicants—a practice that does not give equal access to new applicants. It also allows children who are no longer eligible or interested in attending the school to remain on the list. A situation occurred where a child had changed school districts but his name remained on three different charter school lists, and his name was drawn for attendance at all three charter schools. (Ref. 6, Feb. 2, 2005).

Primary area of attendance

Because the law is ambiguous about the definition of the area of attendance, there is a possibility that those attendance areas can be so narrowly defined that exclusivity to a single group of people may be possible. An example of this is when a land developer started a charter school with the primary area of attendance being exclusive to that new housing development. Because there were no people in the development yet, the secondary area of attendance was established as the Boise School District. As the housing units were purchased, the students from the secondary area were refused admittance or siblings of students in the secondary area were denied admission to primary area students. A virtual school's primary attendance area is the whole state. Contiguous borders include other states. There is currently no way to verify that a student actually lives in Idaho when they apply to the virtual school.

Discussion

Irregularities have been reported both to the Charter School Commission and in the press about the lottery process in a few charter schools. The majority of these irregularities could be eliminated by adoption by charter schools of the suggested process in Idaho Code 33-5205 (3)(j). The process of compliance with the law should begin at the petition stage. Of the 21 Department of Education Legal Sufficiency Reviews of charter petitions that were examined, 11 contained findings concerning the conduct of that charter school's lottery that resulted in a recommendation for amendments to the charter. Because the recommendations to resolve the findings can't be enforced, it is possible that non-compliant student-selection practices remain in the charter petitions—as well as in actual use.

DEMOGRAPHICS

The demographics of current charter schools generally do not reflect the demographic make-up of the traditional public schools in the state of Idaho or of the districts in which they are located. Demographic descriptors that are used to create a profile of all Idaho school children are:

- ethnicity;
- free/reduced-priced lunch;
- special education;
- gifted and talented;
- limited English proficiency.

Those descriptors can be used to compare the profiles of traditional public schools and charters.

Ethnicity descriptor

Charter schools in Idaho generally have a smaller proportion of minority students in comparison with their sponsoring districts (Ref. 50, p.11-12).

Percent of Ethnicity 2003-2004*

Schools and Their Sponsoring Districts	White	Black	Hispanic	Native American	Asian/ Pacific Islander	Multi Racial/ Decline to state
Blackfoot Charter Blackfoot District	90 66	0 0	5 18	2 14	3 2	
Anser Charter	94	0	2	2	3	
Hidden Springs Charter Boise Independent District	91 87	1 2	2 7	1 1	1 3	
Coeur d'Alene Charter Coeur d'Alene District	96 95	1 1	1 2	0 1	1 1	
White Pine Charter Idaho Falls District	Not reported	Not 1	Available 12	1	2	
Meridian (Technical) Charter	97	2	0	0	1	
Meridian Medical Charter	94	1	3	0	3	
North Star Charter Meridian Joint District	95 92	0 1	1 3	0 1	4 2	
Moscow Charter Moscow District	95 91	0 2	0 2	0 1	0 4	
Liberty Charter Nampa District	90 73	0 1	7 25	1 0	2 1	
Pocatello Charter Pocatello District	94 85	0 1	2 7	0 5	0 2	4 (M)
Sandpoint Charter Pend Oreille District	98 96	0 1	1 1	0 1	1 1	
Idaho Leadership Academy Snake River District	100 80	0 0	0 18	0 1	0 0	
Idaho Virtual Academy Butte County District	83 93	0 1	1 4	1 0	1 1	4 (M) 10 (D)
Idaho Virtual HS (McKenna) Mountain Home District	88 80	1 4	7 12	0 0	2 3	
STATE OF IDAHO	86	1	11	1	1	

* Numbers rounded up from those presented in cited chart. Charter schools reported their own students' demographic information. District data are from ID Department of Education. Total may not equal 100% depending upon data received from charters.

Other descriptors

Demographic descriptors such as the free/reduced-priced lunch, special education, gifted and talented, and limited English proficiency programs, give an insight into the numbers of students who have special needs in our schools.

Student Demographics by Charter School in Percent of Total Enrollment 2003-04

Schools and Their Sponsoring Districts	Free/Reduced-price Lunch	Special Education	Gifted & Talented	Limited English Proficient
Blackfoot Charter	65	20	0	0
Blackfoot District	49	12	3	21
Anser Charter	0	13	10	1
Hidden Springs Charter	0	4	0	2
Idaho Virtual Academy	34	0	0	0
Boise Independent District	32	11	3	5
Coeur d'Alene Charter Academy	0	1	0	0
Coeur d'Alene District	34	10	11	0
Meridian (Technical) Charter	6	1	20	0
Meridian Medical Arts Charter	14	10	0	0
North Star Charter	0	3	0	0
Meridian District	18	10	4	2
Moscow Charter	28	0	0	0
Moscow District	20	11	10	1
Liberty Charter	24	7	4	0
Nampa School District	43	11	3	17
Pocatello Charter	34	17	4	0
Pocatello District	36	13	4	0
Sandpoint Charter	0	20	0	1
Pend Oreille District	42	12	5	0
Idaho Leadership Academy	48	4	8	0
Snake River District	42	11	6	16
Idaho Virtual HS (McKenna)	Unknown			
White Pine Charter	Not available			
STATE OF IDAHO	38	11	4	8

*Numbers rounded up from those presented in cited chart (Ref. 50, p. 12).

When all descriptors are taken together for the collective total of all Idaho charter schools and their constituent districts, the results are as follows, using percent of enrollment. With the exception of the special education category, there was a larger proportion for each demographic factor of students in each constituent district than in the charter school (Ref. 29, p. iv).

School Type	Non-white	Limited English Proficient	Special Education	Free/Reduced-Price Lunch
Charter Schools	5.1	0.0	8.2	35.5
District Schools	18.2	7.4	8.8	44.8

(Ref. 29, p. 58)

Issues that affect student demographics

If followed and enforced in their original intent, the current laws and rules might be considered strong enough to ensure accessibility to charter schools. However, there are practices that might make charter schools more skewed demographically and unfairly exclude students from attendance. Examples of these practices follow.

Special Education questions on student applications

Some charter schools ask on their application if the applicant has ever been held back in school or had been enrolled in special education (Ref. 18, p. 50). Because the selection process itself, in some cases, is not transparent, there is no assurance that boards and staff of charter schools are not avoiding these special-needs students.

Enrollment capacity limits

A charter school under the current law could limit its enrollment capacity along with narrowly defining its attendance area. That could create an exclusive school for a very select group of students (Ref. 24).

Required parental involvement

Charter schools are known for parental involvement in the school. Certainly the time requirement of parents whose children are in virtual schools is tremendous. Some brick and mortar charter schools have a requirement written into their petitions for participation by parents in specific activities in support of the school. Parents who work full time may not be able to make these time commitments. This situation may not allow parents with limited time or abilities to meet the criteria of selection for the charter school. Though the Sufficiency Reviews find that these requirements written into the petition are in violation of the law, those requirements may still be imbedded in the policy or culture of the school, and parents who cannot meet those requirements may be put off from applying to schools.

Discussion

“A charter school cannot discriminate against any student on any basis prohibited by federal and state law which includes disability, race, creed, color, gender, national origin, religion, ancestry or need for special education services” (Ref. 44, p. 8). Across the country, charter schools are becoming increasingly more segregated than public schools (Ref. 11, p. 2). This appears to be the case in Idaho as well. Students are in charter schools by choice. If the choice to attend a charter school is given equally to all students who reside in a representative attendance area, then the demographics attained through the selection process—however they appear—would be a reflection of the students who want to attend charter schools. The school districts and the state of Idaho cannot force students to attend a charter school if they do not want to do so in order to make the charters more representative of the general school population.

The self-selection of charter school students is a factor in the demographic profile of the charter. Families who are informed enough to make the choice for a school are not the same as the families who are not. Families with children who are English language learners or who are severely disadvantaged and require special education may not be drawn to a charter school for fear of lack of services (two virtual schools have been issued corrective action plans by the Department of Education for their special education programs.) In light of these examples, rule changes to moderate the tendency towards exclusivity of charter schools may be needed.

One suggestion for a change in rules is that a student’s application have a very limited amount of information on it about the child, particularly in regard to special needs. If the student is then selected in

the lottery and wishes to enroll, an additional form could be filled out to indicate any specific education needs that the student may have. Another suggestion is that, as part of the petitioning process, the trustees of a school district would assess whether the attendance area of a proposed charter school would be one that would be logical were it a traditional public school being added to the district. With traditional public schools, trustees define the attendance area for that school. That assessment could be considered by the chartering entities when they are deliberating the charter petition. And lastly, as noted in several Sufficiency Reviews, the charter schools cannot make it an expectation that parents volunteer their time in the school.

SUMMARY

Public education means equal accessibility for all students to that education. Adherence to the student selection protocols for charter schools that have been outlined in the charter school law would help to insure that accessibility. Perhaps the chartering entity could be charged with overseeing the yearly lottery to assure its fairness. The demographic make-up of Idaho charter schools in many cases, does not reflect the make-up of the districts in which they are located. In a report by Frankenberg and Lee in their study of the national demographic profiles of charter schools, they state: “Charter schools offer opportunities, like good magnet schools, to create successful and voluntary diversity. Clearly there are some very ambitious and attractive schools being created under these policies. But too many are separate and unequal.” (Ref. 11, p.4)

In the words of the League of Women Voters of Michigan in their charter school study, “Schools are the place in this society where children from a variety of backgrounds come together—to learn, to play, and to work together. There is no comparable arena in this country where there is a vision of equality for all—no matter how much this vision may be tarnished in practice—and where people of different backgrounds interact on a daily basis. Sometimes we lose sight of that vision in the guise of choice.” (Ref. 48, p. 7)

CHAPTER THREE

ACADEMIC ACCOUNTABILITY IN IDAHO CHARTER SCHOOLS

Charter schools are held accountable for their academic programs and their students' performance under the Idaho Public Charter Schools Law. Each charter school in its petition must provide information and statements which describe the following:

- The proposed educational program including information on how all goals identified in that program will fulfill the educational thoroughness standards as defined in section 33-1612 of the Idaho Code.
- The measurable student education standards by which students will demonstrate that they have attained the skills and knowledge specified as goals of the educational program.
- The method by which the student's progress in meeting those standards is to be measured.
- A provision by which students of the public charter school will be tested with the same standardized tests as other Idaho public school students.
- A provision which ensures that the public charter school shall be state accredited as provided by rule of the State Board of Education.
- The use of certificated teachers as provided by rule of the State Board of Education.

Each year, the charter school must submit a report to the authorized chartering entity which approved its charter. This report must contain an audit of the programmatic operations described in the bulleted items above (Ref. 33, 33-5206(7)). The Charter School Handbook from the Department of Education states: "Charter schools are accountable to the authorizing school board to produce positive academic results and adhere to the charter contract. The basic concept of charter schools is that they exercise increased autonomy in return for this accountability." (Ref. 44, p. 1)

This report uses three of the items listed above to look at the academic accountability of charter schools. Those items are:

- the standardized tests
- the accreditation process
- the educational program

Additionally the possible academic impact of charter schools on traditional public schools and what that impact may portend for the future of Idaho education is considered.

STANDARDIZED TESTS

There are five tests which are given to Idaho public school students to measure their progress. They are the Idaho Reading Indicator (IRI), the Idaho Standards Achievement Test (ISAT), the Idaho Direct Math Assessment (DMA), the Idaho Direct Writing Assessment (DWA) and the National Assessment of Educational Progress (NAEP).

For the purposes of this study, the results from the Idaho Standards Achievement Test (ISATs) from 2005, Grades 4, 8, and 10 are considered. The ISATs are an indicator of general achievement. Comparisons on the ISATs will be made among charter schools, their districts, and the State of Idaho as a whole. What those scores indicate for state Proficiency Standards—which are based on the ISATs—will

be noted as well. A discussion on some of the difficulties in comparing the ISAT scores of schools that have such widely differing demographics and sample sizes will follow.

Idaho Standards Achievement Test (ISAT)

The ISAT is taken by students in grades 2-10. Reading, language arts, math, and science tests are administered in the fall and spring. Most students take this multiple choice test via a computer. For the purposes of comparison in this report, only mean scores for grades 4, 8, and 10 in reading, language, and math are used, a customary selection in several studies of Idaho schools. Scores are rounded. The scores for each charter and virtual school are reported and then after the / (slash), the average mean score for the district in which that school is located is provided. Virtual schools draw their students from the entire state so district scores are not provided for them. At the bottom of the chart is the average mean score of the State of Idaho in that category. The scores in *italics within the chart* indicate that they are below the State of Idaho mean scores. (Ref. 45)

ISAT Mean Scores for Grade 4 - Charter Schools Spring 2005

Charter School	District	Reading School/District	Language School/District	Math School/District
ANSER	Boise	215/210	214/212	214/218
Blackfoot	Blackfoot	No score	No score	No score
ID Distance Ed. (Virtual)	Statewide	205	205	213
Idaho Virtual Academy	Statewide	207	207	213
Hidden Springs	Boise	215 / 210	217 / 212	231 / 218
Liberty	Nampa	209 / 206	215 / 208	225 / 215
Moscow	Moscow	209 / 212	215 / 214	220 / 221
North Star	Meridian	215 / 211	218 / 214	234 / 218
Pocatello Community	Pocatello	207 / 210	212 / 211	212 / 215
Thomas Jefferson	Vallivue	214 / 206	211 / 209	219 / 214
Victory	Nampa	208 / 206	207 / 208	223 / 215
White Pine	Bonneville	210 / 204	213 / 213	218 / 220
STATE OF IDAHO		208	211	216

ISAT Mean Scores for Grade 8 – Charter Schools Spring 2005

Charter School	District	Reading School/District	Language School/District	Math School/District
Coeur d’Alene	C.d’Alene	235 / 227	234 / 226	247 / 241
ID Distance Ed. (Virtual)	Statewide	223	222	235
Idaho Virtual Academy	Statewide	225	221	233
Hidden Springs	Boise	231 / 226	226 / 226	247 / 241
Liberty	Nampa	227 / 222	228 / 220	246 / 234
North Star	Meridian	234 / 228	234 / 227	253 / 241
Pocatello Community	Pocatello	224 / 225	218 / 225	236 / 238
Sandpoint	P. Oreille	222 / 223	219 / 221	234 / 236
STATE OF IDAHO		225	224	238

ISAT Mean Scores for Grade 10 – Charter Schools Spring 2005

Charter School	District	Reading School/District	Language School/District	Math School/District
Coeur d'Alene	C. d'Alene	238 / 231	236 / 230	255 / 249
ID Distance Ed. (Virtual)	Statewide	234	230	242
ID Leadership Acad. (Virtual)	Statewide	230	222	243
Liberty	Nampa	227 / 230	228 / 226	246 / 244
Meridian Charter High Sch.	Meridian	235 / 234	235 / 231	259 / 249
Meridian Medical Arts	Meridian	237 / 234	234 / 231	255 / 249
Richard McKenna	Mt. Home	227 / 231	225 / 226	242 / 247
STATE OF IDAHO		232	228	248

It is apparent from looking at the results of the 2005 ISAT mean scores that, generally speaking, the students in the brick and mortar charter schools did as well or better on the ISATs than the students in their districts and the state of Idaho. The virtual school students did not fare so well, with most of them scoring below the State of Idaho mean scores in all three standard achievement areas.

The Student Performance on State Proficiency Standards for Spring 2005, which are based on the ISATs, supports these trends as well. Brick and mortar charter schools in general achieved a higher percentage of proficiency than their districts and the state as a whole. However the virtual schools in general did worse than their districts and the state as a whole (Ref. 24)

Discussion

Caution must be taken in interpreting the ISAT results above. In August of 2004, an analysis by Dr. Frank Gallant of the ISATs for 2003-04 (which showed the same general trends as the Spring 2005 ISATs) was published. This report is linked to the Department of Education's website. Gallant states, "In most situations charter school students have obtained higher ISAT scores than traditional public school students. These results are statistically significant..."(Ref. 12, p. 14). However some caution must be exercised in making comparisons between the charter school performances and the performances of the public school system as a whole. "The charter schools are heavily underrepresented in the three categories of disabilities: limited English proficiency, special education, and free and reduced-price lunch. The closest of these under-representations is special education. However, a special education categorization has a very broad spectrum, all the way from a student who has a speech impediment, to a self-contained emotionally disturbed student, to a student in a wheel chair on a respirator" (Ref. 12, p. 15). It should be noted that in a study by Miller in 2003, there were no differences in achievement among the four sub groups mentioned above when students in charter schools were compared to students in regular public schools. (Ref. 29)

The number of students in the charter schools is quite small compared to the number in the traditional public schools. Under these conditions, the score of one student can have an impact on the overall mean score of the charter school. Differences in charter schools and traditional schools are real, but due to the effect-size, when these differences are quantified, they are not substantial. (Ref. 12, p. 15)

Another factor to consider is what the success of students was prior to their entering charter schools. As yet, there has not been a study to track the achievements of individual students throughout their educational experiences. If high-achievers in traditional public schools move to charter schools, their achievement may not be entirely attributable to the particular instruction they received in the charter

school but to their own high standards and abilities. Home-schooled students have been attracted to virtual schools in large number. Many are previously inexperienced with taking tests such as the ISAT, and the lack of familiarity with the measurement process may send the mean ISAT scores lower, and, again, their achievement may not be entirely attributable to the particular instruction they received through the virtual school. (Ref. 12, p. 15)

It will take a well-designed experiment to determine the charter school effect in Idaho (Ref. 12, p. 16). But the ISAT data certainly show that brick and mortar charter students in Idaho seem to be performing well.

ACCREDITATION

Every public school in Idaho has to be accredited by the state or by the Northwest Association of Accredited Schools (NAAS), and that includes charter schools. The accreditation standards of both the state and the NAAS will be presented. There will be a discussion on how the traditional public schools, the charter schools, and the virtual charter schools meet those standards.

Schools seeking accreditation from the State of Idaho must meet the accreditation standards as set down in IDAPA 08.02.02.140. Accreditation can be granted the same year as applied for and the school will retain that accreditation for 5 years, updating its documentation each year. Onsite visits will be made every five years to confirm that accreditation standards are being met, with schools completing a self-assessment prior to visitation.

Schools seeking NAAS accreditation follow the procedures laid down by that organization. Schools applying for a NAAS accreditation must submit satisfactory reports for 3 years before being approved, in contrast to state accreditation which requires no record of performance prior to accreditation. NAAS accreditation is voluntary but is highly recommended for secondary schools with grades 9-12 or K-12 schools because colleges look for NAAS accreditation of these schools. In 2005, the State Department of Education integrated the State and NAAS accreditation processes to reduce redundant reporting and planning. Thus, the NAAS standards will be accepted by the State Department of Education in lieu of Standards 1-5 of the Idaho Standards, with the added requirement of state standard 6 for NAAS member schools.

State of Idaho Standards	NAAS Standards
Standard 1—Vision, Mission, & Policies	Standard 1—Education Program
Standard 2—Highly Qualified Personnel	Standard 2—Student Personnel Services
Standard 3—Educational Program	Standard 3—School Plant and Equipment
Standard 4—Learning Environment	Standard 4—Library Media Program
Standard 5—Continuous School Improvement	Standard 5—Records
Standard 6—Student Achievement (being currently revamped by SDE for 2006-07)	Standard 6—School Improvement
	Standard 7—Preparation of Personnel
	Standard 8—Administration
	Standard 9—Teacher Load
	Standard 10—Student Activities
	Standard 11—Business Practices

Charter schools fill out the same paperwork for the State of Idaho accreditation as do the traditional public schools. However virtual schools applying for NAAS accreditation have a different set of standards which are far less comprehensive (21 pages of questionnaire versus 5 pages). (Ref. 30 and 31)

NAAS Standards for Distance Education* Schools

Standard 1—Institutional Purpose
Standard 2—Organization & Administration
Standard 3—Educational Program
Standard 4—Student Services
Standard 5—Staff

Standard 6—Student Selection
Standard 7—Business Practices
Standard 8—Facilities, Equipment, & Records
Standard 9—Evaluation and School & Improvement

*"Distance Education" refers to virtual schools as well as organizations that offer individual courses but not degree programs. Idaho Digital Learning Academy is such an organization. It is sponsored by the Department of Education. Courses are offered to enhance regular instruction, as remediation or as advanced placement courses.

Issues relating to accreditation standards

NAAS has recognized that there will be differences in standards between brick and mortar schools and virtual schools by creating a separate set of standards for distance-education schools. However those differences are not recognized by the State of Idaho accreditation, so the public and parents are left with the impression that State of Idaho accreditation means the same for all schools. State accreditation standards that seem to be met differently by traditional public schools and charter schools are discussed below.

Staffing—Standard 2.01

In Standard 2.01, certificated teachers are required to teach in Idaho public schools. In one charter school which teaches by the Great Books method, uncertificated mentors are put in charge of teaching all of the students. There are a few certificated teachers at the school, but they play an administrative role. In virtual schools or distance education, the certificated teachers' jobs are not to teach the child directly but to assist the parent in the teaching of the child. There is very little direct interaction between the certificated teacher and student. With teachers having student loads of up to 150 students, the direct interaction with the student is even less (Ref. 28). The Attorney General's office has noted in a letter to Sen. Gary Schroeder that "Requiring parents to perform public education services without compensation violates the requirement that the state provide a free public education to students" (Ref. 9). The State Department of Education issued a Corrective Action Plan for another school's special education program, saying "Parents do not meet the criteria of highly qualified personnel, unless they are certificated as special education teachers by the State of Idaho." (Ref. 40)

Achievement Standards—Standard 3.02.01

In Standard 3.02.01, the curriculum, instruction and assessments are aligned with the Idaho Achievement Standards. These Achievement Standards define at each grade level what a student should be learning in each subject area. Traditional public schools and brick and mortar charter schools have a particular methodology and curriculum, and they align their curriculum to the Achievement Standards. However, in the case of one virtual school, there is no particular curriculum used. This school allows parents to choose their own curriculum from dozens of possibilities and then match it to the Achievement Standards. It is sent to the Contact Teacher for approval, but it is not required that the Contact Teacher examine the curriculum chosen in order to approve the worksheet. (Ref. 28)

Curriculum—Standard 3.02.03

In Standard 3.02.03, the traditional public school selects primary curricular materials for all subject areas from the Idaho Adoption Guide as approved by the state board of Education. Charter schools do not have this requirement.

Instruction—Standard 3.02.04

In Standard 3.02.04, the students have a parent-approved Student Learning Plan by the end of the 8th grade or by age 14. In traditional public schools and in brick and mortar charter schools, this plan is generally developed by the staff of the school. In virtual schools, the parents develop their own plans with the aid of worksheets provided by the schools.

Class Size/Caseload—Standard 4

In Standard 4, the teacher/student ratios and teacher loads are recommended by the state. Elementary (K-3)=20, (4-6)=26, Middle/Jr High=160, high school=160 teacher load. In virtual schools, the teacher/student ratio can be 1/50 in those elementary grades. In the NAAS accreditation standards for Distance Education, there is no mention at all of teacher/student ratios under NAAS Standard 5—Staff.

Discussion

There is an expectation by the public that when a school has received accreditation, that the school has met a set of standards that are the same for all schools that are accredited. Charter schools, particularly virtual charter schools, have not had to meet the same state standards in the same way as traditional public schools.

EDUCATIONAL PROGRAM

The educational program for all schools must fulfill the educational thoroughness standards as defined in section 33-1612 of the Idaho Code (part of Accreditation Standard 3). The legislature, through that code, gives the Board of Education responsibility to adopt rules to establish a thorough system of public schools with uniformity as required by the constitution. Rule 08.02.03 RULES GOVERNING THOROUGHNESS is one of them. However, charter schools, though they are required by the charter school law to follow 33-1612 of Idaho Code, do not have to follow the 08.02.03 rule for thoroughness except for rules on testing and the high school graduation requirements. The section on “Curriculum” of the thoroughness rule is used here to demonstrate how traditional public schools and charter schools differ in that area.

Among other things, the thoroughness rule requires that curriculum for traditional public schools be developed and adopted on a statewide basis. The Department of Education, through its Curriculum Committee, develops and adopts this curriculum for a five-year period. Stakeholders (parents, the public, specialized educators, teachers, etc.) have access to the curriculum and can express their ideas on it and, thus, it is fully transparent. Brick and mortar charter schools generally are eager to share with prospective parents and the public what their curriculum is, thus making it accessible and transparent through visitations to their schools and with some information about it on their websites.

In virtual schools, however, that transparency and accessibility generally does not exist to the same degree. One virtual school uses a methodology (K12 Inc.) that is proprietary because it is owned by a private corporation, so the general public cannot have access to the details of the curriculum on demand. Because virtual schools have no actual physical location, there is no opportunity to go to a school and see how the curriculum is taught on a day-to-day basis. Representatives of the school work hard to distribute information at educational fairs and special organizational meetings held around the state, but, until parents actually enroll their students into the school, they do not have full access to the materials so that they may examine them.

As mentioned before, another virtual school does not offer one curriculum, but instead allows students to choose their own from a list of vendors. Since all the curricula are privately owned and are proprietary, only limited information on content is given out over the vendor website. Only when the student has enrolled in the school do parents have full access to curricular materials. The public at large has no access despite a statement in the school's petition for charter that the public would have access. The educational packages offered have not been examined by the Department of Education. (Ref. 17 and 18)

Discussion

There is a perception among the public that public education means public access to the educational plan of a school and everything involved in that plan. By having many proprietary educational packages or materials unavailable for public examination in some charter schools, the access by the public to the educational programming is not the same as it would be in a traditional public school. When state monies are used, the public has a vested interest in what the schools are offering in their educational plans, and access to them is needed to meet that interest.

ACADEMIC IMPACT OF CHARTER SCHOOLS ON TRADITIONAL PUBLIC SCHOOLS

Charter schools can impact traditional public schools academically, both positively and negatively. On the positive side, charter schools explore new methods to improve student learning which, if successful, can be used in the traditional public schools. They can enhance public education by expanding the educational opportunities for parents and students and by creating new professional opportunities for teachers within the public school system. Additionally, the competition from charter schools has been seen as a way to motivate traditional public schools to improve overall.

Issues regarding transference of educational programs—Availability and appropriateness

The greater freedom in educational programming in charter schools may not provide the enhancements to public education that were expected. Inherent in the idea of charter schools being public schools is that the educational programs and practices of charters should be both available and appropriate for use in traditional schools.

Availability of charter school educational programs in traditional schools

By law, charter schools cannot be run by for-profit education companies, but they can use the education program and can contract for operational assistance from a for-profit education company. These education programs are proprietary, which means that any school using them has to pay for them—they cannot be shared. This is certainly appropriate. However, one situation has developed in a charter school that would seem to confuse the definition of a public school and a for-profit education company.

One charter school in Nampa uses a methodology called the Harbor School Method. This methodology and how it is implemented was discussed in the Governance and Operations Chapter. The Harbor Educational Institute, Inc. was set up as a non-profit company to market the Harbor School methodology which is not only the curriculum but the quality control services that go along with it. The non-profit company now charges schools utilizing this method \$50,000 to use the first year and up to \$5,000 per year afterward for inspections and endorsements. By 2006, there will be 9 charter schools using this method and one traditional public school (Ref. 51). One purpose for passage of the charter school law was to enable development and testing of new educational programming for use in traditional public schools. The law does not address the situation where educational programming developed in a public school is then marketed to other public schools. Access to that educational programming is thus limited by its cost.

Appropriateness of charter school educational programs for use in traditional schools

Regardless of the financial requirements of incorporating charter school curriculum into traditional public schools, there must also be a consideration of whether curriculum used by charter schools would be appropriate for use in traditional schools. One virtual school's students may be using curriculum that would not be allowed in a traditional public school. The website for the school states that the mission of the school's program is to provide resources and support to parents who have elected to educate their children in their home. It further states that their objective is to build and foster a community of learners which views education as not confined to the traditional four walls of a classroom, but a free-flowing exchange of knowledge and ideas worldwide through technology. It goes on to say that the school brings a fresh approach of mutual trust among parents and schools in Idaho, by honoring parental choice in curricular materials and instructional methodology based upon the needs of each and every individual child. <<http://www.idaho-dea.org/>> . With the numbers of home-schooled children in Idaho, this approach could be an excellent way to bring those children into the system and to assess their progress.

At this charter school, a student's parents can choose their child's curriculum and supplies from a list of approximately 250 vendors supplied by the contractor. Parents are provided a stipend—public funds in the form of an account that they can use to purchase equipment, supplies, curricular materials, repayment for special lessons etc. Using that stipend, parents can purchase curricular materials from the vendors list or any source that they choose (Ref. 28). In reviewing that list, it becomes apparent that there are educational packages offered that are religiously based. For example, one such curricular package is "Switched-On Schoolhouse" which offers a curriculum "presented from a biblical perspective..." To be clear, this school does not allow parents to use the stipend to purchase this educational package, but, if the parent decides to purchase it himself, the student can be enrolled in the school and receive the services of the school. The superintendent of the school was quoted in the Lewiston Tribune as saying, "As long as the individual learning plan states (that) the learning objectives of the state standards are being taught, we accept the learning program. As long as the state standards are being taught, does it matter if the students count apples or angels?" (Ref. 15, p. 4)

Another example is a charter school that employs the Great Books method and urges its students to pick one major "core book" through which to guide their entire academic experience. This book could be the Bible, Koran, Talmud, Shakespeare—anything designated as a great book. Its petition for expansion to another district has recently been turned down by the Charter School Commission. The commission cited the school's use of the Bible as a "core book" in all studies as being legally questionable. (Ref. 1)

Issues regarding impact of competition from charter schools on traditional schools

Impact on variety of programmatic offerings

Public school money follows the student in the form of Average Daily Attendance. As more charter schools are being developed, more students may leave the traditional public schools.

Economies of scale play a large role in what an academic institution can offer. Traditional public schools are funded through their districts and because of the greater number of students from which to draw, the districts through their schools can offer separate classes such as Advanced Placement classes, or school-wide opportunities in music, art, theatre, extra-curricular activities, and athletic activities.

Charter schools tend to offer basic core programs since they are each autonomous and thus are much smaller than most districts. However, charter students can dual enroll in traditional public schools for classes that are not offered in their charters. A percentage of the Average Daily Attendance allotment goes

with them to the traditional school. Non-traditional students (those from private schools and the home-schooled) may also dual enroll. All non-traditional students may participate in extra-curricular activities and athletics by paying a fee. The right to those services for these non-traditional students is unquestionable.

But the extra money that traditional public schools have, because of their economies of scale, disappears if their student bodies become too small. Often there are stories in the news about students in a school district holding bake sales so they can have an athletic program. When traditional school districts have to cut back, those extra classes and activities are less available to any student, home-schooled, private, charter, or traditional. Additionally, under the rules of dual enrollment, if the capacity of the class in a traditional school has been met by the students enrolled full-time in that traditional school, then students from outside the school cannot be accommodated (Ref. 43). This has happened already in one school district which has such high enrollment that it has ceased to accept dual enrollments from non-traditional students. (Ref. 6, Feb. 2, 2005)

This economy-of-scale problem is already happening in the Dayton, Ohio, school system. It had, by all accounts, a failing public school system. Policy-makers decided that “the harsh reality of market competition” could rectify the problem. Forty-nine charter schools have opened in Dayton. Twenty-six percent of Dayton’s public school students are enrolled in the taxpayer-financed but privately-operated schools. Authorities are now warning that the flow of state money to the charters is undermining the traditional school system. According to Thomas J. Lasley, Dean of the Education School at the University of Dayton, “We’re close to the tipping point where the charters damage the capacity of the public schools to create a sufficient educational infrastructure for the community.” In effect, this situation is “...developing two complete and competing public systems,” stated the president of Dayton’s Board of Education in 2001. In the words of one parent whose son has attended both public and charter schools, “We need one terrific school system, not two substandard ones.” (Ref. 10)

Are we close to this kind of a scenario in Idaho? Not at the present time. In Idaho, only one charter school is allowed to open in a district each year, and only six are allowed to open in the entire state each year. This situation may never be a problem in the populous southern districts. But in the northern districts of Idaho that have a lower population density and fewer schools to begin with, the number of students in charter schools could possibly reach that 26% tipping point observed in Dayton.

Shift of funding from instruction to administration

One aspect of the peculiarities of funding charter schools and traditional public schools could affect all schools academically to some degree. A charter school, being autonomous, must be treated financially as though it were its own school district, in effect creating an increase in the number of support units the state must fund. Additionally, the enrollments of charter schools tend to be lower than traditional public schools. That is part of their appeal. Supporting small schools is more expensive than supporting large schools. The numbers of administrators/student increase statewide with the statewide increase in the number of smaller schools. Thus, as the numbers of charter schools increase, there could be relatively less money spent overall on actual instruction in the public schools and more on administration.

Discussion

It could be argued that all curricula supported in their delivery by public money should be appropriate for use in all public schools as a part of the academic accountability of the public schools. But there seems to be a change in the perception of the purpose of charter schools. A growing trend is to think of them as being alternatives to the public school system rather than enhancements to the public school system.

One premise is that charter schools are accountable to the marketplace because they are schools of choice. Good charter schools will stay in existence, and bad schools will fail. If charter schools were truly stand-alones, the marketplace might be a true measure of quality. But most charter high school students are dual-enrolled with traditional public schools, and their programs are enhanced by that availability. It is that combined program that is being put to the test of the marketplace. If the tipping point were reached, resulting in traditional public school offerings being minimized, charter schools could no longer be enhanced by the traditional school.

SUMMARY

Most brick and mortar charter students are doing as well or better than their districts and the state on the ISATs. Virtual school students are not. To determine the “charter school effect,” a well-designed experiment to separate the student demographic effects from the instructional effects of charter schools would be valuable.

Accreditation by the State of Idaho Department of Education is perceived by the public to mean the same whether the school being accredited is a traditional public school, a private school, or a charter school. The expectation is that the standards of accreditation apply to all schools equally. To make the state’s accreditation mean the same for all schools, either all schools must meet all the standards or an entirely separate set of standards must be created for charter schools. But then the question arises whether this separate treatment of segments within the public school system meets the constitutional intent of establishing and maintaining a “general, uniform and thorough system of public, free, common schools.”

The academic impact of the charter schools on traditional charter schools is currently minimal. There is only one example of methodology of a charter school being transferred to the traditional public schools. Looking into the future, the number of charter schools could affect the academic comprehensiveness of both the charters and the traditional public schools if the number of students in charters becomes close to the number of students in traditional schools.

CHAPTER FOUR FINANCIAL ACCOUNTABILITY IN IDAHO CHARTER SCHOOLS

Under the Idaho Public Charter Schools Law Title 33, Chapter 52, charter schools are held accountable for their financial activities. The law requires that charter schools:

- Will describe in their petition,
 1. the manner in which an annual audit of the financial and programmatic operations of the public charter school is to be conducted,
 2. a provision which ensures all staff members will be covered by public employee benefits as in traditional public schools
 3. a plan for termination of the charter by the board of directors to include a description of how payment to creditors will be handled,
 4. a plan for the disposal of the public charter school's assets,
 5. a proposal for transportation services,
 6. information on the proposed operation and potential liability effects on the school and the chartering entity.
- Will annually submit to their authorized chartering entity a report which contains the audit of the fiscal operations.
- Will be organized and managed under the Idaho Nonprofit Corporation Act and have a board of directors. Prior to petitioning a chartering entity for charter status, the school must form the nonprofit corporation, and the bylaws of that corporation must be included in the petition. As a nonprofit corporation, the school can sue and be sued. It can purchase, receive, hold and convey real and personal property for school purposes, borrow money to finance the purchase or lease of school-building facilities, equipment and furnishings, and can use those buildings and furnishing as collateral for the loan.
- Cannot be operated by a for-profit entity, but the board can contract with for-profit entities for products or services that aid in the operation of the school.
- Can have an advance payment of 25% of their estimated annual apportionment for its first year of operation and each year thereafter, provided that the school has an increase of student population in any given year of 20 students or more to assist the school with initial start-up costs or payroll obligations. If there is no increase, then the school gets its money at the same time as district schools. If there is a discrepancy between the numbers of staff thought to be needed and those actually employed, the instructional allowance is not reduced. But benefits are not provided for that non-existent staff person, only the salary allowance.
- Board members may not have any pecuniary interest directly or indirectly in any contract or other transaction pertaining to the school, and cannot accept any reward or compensation for services rendered as a director.

The intent of the charter school law is that chartering entities would be able to monitor the financial activities of their charter schools to the same degree that the financial activities of traditional schools are monitored by the State Department of Education (Ref. 27). This is a particular challenge to chartering entities because they are charged not only with monitoring the financial activities of a public school but also with monitoring the activities of a nonprofit corporation. Most public charter schools operate efficiently, and their oversight is handled as a matter of course by their chartering entities. It is the problematic situations that have occurred in the financial activities of some charter schools that test the adequacy of the charter school law.

This report addresses three topics regarding the financial activities of charter schools,

- problems that relate to elements of the petition or to operational practices,
- funding of charter and traditional schools, what their total revenues are per student and what factors go into the make-up of those figures,
- scenarios affecting finances or funding in the future.

PETITION ELEMENTS AND OPERATIONAL PRACTICES

Specific situations concerning charter schools that have proven to be financially problematic were identified by several means: the Legal Sufficiency Reviews of charter school petitions made by the Department of Education; perusal of the minutes of the Charter School Commission; reports, and stories in the media. These situations may point to practices that need to be changed or laws that need to be amended.

Articles of Incorporation and Bylaws of the Nonprofit Corporation

The charter school law requires that charter schools form a nonprofit corporation with bylaws that describe how the Board of Directors of the corporation (and the school) will be selected. Some of the early charter school petitions were submitted to and approved by chartering entities before articles of incorporation were filed. Thus, the chartering entities did not closely scrutinize the bylaws of the corporation to make sure that the selection process of the board of directors of the business was the same as the selection process of the governing board (as described in the elements of the petition.) In some cases, the bylaws trumped the process described in the petition. It is critical to the oversight process that there is an accountable governing board and an accountable process for their selection. The amended charter school law of 2005 does require bylaws to be part of the petitioning package. But Sufficiency Reviews have found that, even after the change in the law, the bylaws have not been included as part of the petition, or the reviews have found that the bylaws are inconsistent with the operational descriptions in the petitions.

Annual Financial Audits

Although it is quite clearly specified in the charter school law that financial audits are to be performed each year, there were a number of Sufficiency Reviews which found that charters did not have specific plans for satisfying this requirement. Sufficiency Reviews are not legally binding. It would be hoped that the chartering entity in these cases required compliance with the sufficiency review before granting the charter. Local school boards have a limited staff for overseeing their districts. Usually the district offices of a district have fine-tuned their financial reports on the schools in their districts over the years so it is rare that a school board has to expend its resources and time to probe in depth into an individual school's financial activities. This is also the case with a well-run charter school. The financial records will be orderly, transparent, and the audits may note little that requires a change. When a traditional public school's finances do not seem to be in order, the school board can require the school officials and district offices to get the matter identified and rectified. But, when a charter school does not give due attention or professionalism to its financial reporting, the amount of time and resources that a local school board or a district will have to commit to overseeing that school usually far outweighs the attention needed by any other traditional school in the district. Examples of some of the difficulties encountered by chartering entities overseeing the financial audits of their charter schools are given below.

Example: A school in Moscow was chartered in 1999. The financial strategy of the school was challenging. It was a K-12 program geared to bring in the maximum number of students. It leased land, buildings, and playgrounds which was a cash drain with no assets to borrow on. In 2002-2003 the auditor reported that the school had not used accepted accounting standards in its financial reports. The Moscow School District Trustees had spent a great deal of time each year trying to oversee the charter's finances but in 2004 revoked the charter because of the school's inability to manage its finances. The school was over \$40,000 in debt. The revocation was upheld by the Board of Education. The oversight process worked, but it was a great expenditure of time, resources, and effort on the board's behalf. (Ref. 3 and 4)

Example: A for-profit education company was engaged by the board of a virtual school to provide management and financial services as well as curricular ones. This for-profit company does not allow an audit of the details of their charges to the school, considering them proprietary information, so those charges cannot be financially justified, which makes oversight by the chartering entity rather difficult for both the governing board and the chartering entity. (Ref. 20, p. 24)

Example: One charter school in Nampa would not provide financial records in a timely manner to its chartering entity nor to the public. Nampa school district trustees became frustrated with the process. A member of the public sued the school and was given the records, which were then made available to officials (Ref. 2 and 7).

Adequate Facilities Planning

One of the major challenges to charter schools when they are starting is to find adequate and safe facilities to house their schools. Charter schools must describe their facilities plans in their petitions. Those plans should be achievable, both actually and financially. For several charter schools, the facilities planning cited in the petition has not been realistic because they may be attempting too much for the revenues they will have. Buying land, preparing the site, securing permits, hiring an architect and a contractor, all require a lot of upfront money. Most charters approach the problem incrementally—acquiring land, purchasing modular buildings and, after several years of full enrollment, replacing those modulares with permanent buildings. It is essential for the founders to have expert help in planning for the facilities, and it is essential for the overseeing chartering entity to have some expertise in evaluating the founders' plans. There have been some serious missteps, which could cause serious consequences beyond the charter school itself.

Example: A charter school grossly underestimated the cost of their facilities budget in their charter petition. The school opened on time in the fall of 2005 using modular buildings on land they were purchasing. However, they were so far in debt with payments on the purchase of land and commitments for construction of permanent buildings that it was questionable whether they could meet their payroll for the second half of the first year (2006). If they were to have to close the school mid-year (January 2006), the consequences would be significant. The school would lose its funding; it would not be able to pay off its debt because it had little equity in the land, resulting in a total loss of state funds used in the purchase; the district would have to absorb the children into their schools without additional funding; and the teachers who had moved from traditional public schools to the charter would be out of a job. The Charter School Commission is the chartering entity for this school. They gave the school until December of 2005 to find a solution at least for the remainder of the 2006 school year. Apparently the school has done this by securing a personal loan from a benefactor with a plan to sell the land it bought to a nonprofit corporation in California—which has promised to build a school and lease it back to them. If the school had been suspended or the charter revoked, there would have been a substantial financial loss to the taxpayers. The school has no equity in the land; therefore all of the payments made would not be

recoverable. Costs for site preparation, architects and builders' plans, etc., would also not be recoverable. (Ref. 6, Dec. 5, 2005)

Example: A charter school had not realistically estimated the time required to prepare a site for its buildings. Consequently the school, whose attendance area is in one district, has had to temporarily place its modular buildings on a site in another district, which has objected to this arrangement. The chartering entity (the Commission) issued a letter of defect, and the charter has until fall 2006 to relocate to its primary attendance area. (Ref. 6, Aug. 18, 2005)

Student Activity Fees

Charter school students may participate in non-academic programs in traditional public schools. Depending on what the activity is, the districts can charge a fee for that participation. For instance, Nampa School District charges \$300 per student for non-athletic activities and from \$300 to \$1000 per student for participation on sports teams (Ref. 23). Who pays that fee can be a contentious issue, with some charter schools paying the fee, some charter schools requiring parents to pay the fee, and some splitting the charge. It varies from district to district as well as from one charter school to another. It is anticipated that new rules will have to be written to address this fee requirement. (Ref. 6, Sept. 1, 2005)

Conflict of Interest

There are two sources of conflict of interest: one involves governing board members having a pecuniary interest in the charter school, and another involves nepotism within the school. It is very important that the charter schools not be perceived by the public as either money-making vehicles for their founders or board members or as places where governing bodies can hire their close relatives to staff the schools.

Governing board members with pecuniary interest

Examples have been given in the Governance and operations section concerning, a board member loaning a school over \$275,000 and receiving interest for the loan (Ref. 22); a board member of a school being a Director of School Development for the for-profit corporation that was supplying the educational programming and other services to the virtual school (Ref. 35); and a board member of a charter school having over \$200,000 in service contracts with the school and another board member of that same school having \$60,000 contract with the school (Ref. 21).

Nepotism or close family ties

One charter school hired the principal's son and sister as teachers. (Ref. 2)

Ownership of educational materials

One particular aspect of some of the virtual schools is that educational materials they purchase for use by students with taxpayer money is not owned by the school or, if owned by the school, can be resold to new students.

Example: A virtual school allows a stipend for parents to purchase the curriculum for their students to use, as long as it is not religiously based. After the student has finished using that curriculum, the school asks for the return of the materials. The school is establishing a site where these materials will be made available to other students joining the program. The materials are made available for a reduced price to new students. Though this benefits the system in the sense that costs are lower for materials and equipment for the school, the taxpayer is, in actuality, paying twice for the same materials. (Ref. 28)

Example: Another virtual school pays for materials from the for-profit corporation with which it has a service contract. After the student is finished using the material, it must be returned to the for-profit corporation--more along the lines of a rental rather than a purchase.

Discussion

Running a charter school is a financial challenge. Charter schools that have planned well, who follow the rules, which have a successful approach to education, and who have good communication and cooperation with their chartering entities can be a successful enhancement to public education. The Charter School movement is in its early stages in Idaho and, as with any new venture, situations occur that must have a response, but there may be no precedent. Most of the examples of problematic financial situations cited above could have been resolved through close adherence to the current charter school law, with perhaps two exceptions: first, the Legal Sufficiency Review recommendations by the Department of Education are not binding and thus could be ignored by petitioners and chartering entities in the charter approval process; and second, the non-academic fee structure will have to be resolved through rule-making. Other examples of problematic financial situations cited above could have been avoided by having more comprehensive planning at the petition stage, particularly in the area of facilities planning. This would require greater expertise not only within the founders of the charter school in preparing the petition, but with the chartering entities that must judge whether the charter school is realistic in its plans for facilities.

Regardless of how closely the charter schools and chartering entities adhere to the law and the intent of the law or how well they plan in their founding stage, there is a possibility of a larger problem. As more charter schools come on line, the challenges for oversight are going to be greater. There must be a realistic assessment of the costs incurred by chartering entities in overseeing their charters. A local school board may be hesitant to accept any new charter, regardless of how worthy it is, because of the additional expenditure to oversee it. The Charter School Commission is taking on more and more charters, and they have a very limited staff as well. As burdensome as it may be for a charter school, there may need to be a fee charged to the school for oversight, or chartering entities should perhaps receive more direct state funding for that oversight.

FUNDING OF CHARTER SCHOOLS

A frequently asked and debated question is: ‘what are the relative costs of educating traditional public school students and charter school students?’ At a Charter School Commission hearing on December 5, 2005, a presentation was made to the commission by Randy Tilley (Office of the Governor), Tim Hill (State Department of Education), and Jason Hancock (Legislative Services) in which they explained the funding process of traditional and charter schools and what the relative revenues were for each student. Traditional schools are funded through their districts, while charter schools are funded separately from their districts. In the simplest terms, the amount of state funding that a traditional public school or a charter school receives is dependent upon:

- The number of students enrolled in the school
- Whether the school is a kindergarten, a primary, or a secondary school
- The experience levels of the teachers

Based on attendance figures, support units (administrative, teaching, and classified staff) are computed by each category of school. Smaller schools qualify for more support units per student than larger schools. The grade level of the school also affects the amount of funding it will get—kindergartens get the lowest funding per student and secondary schools get the highest funding per student. The largest funding

component however, is the experience of the teacher. Newly certificated teachers with little experience are low on the salary scale while more experienced teachers with additional training are higher on the salary scale. In fact, about 85 cents of every dollar is spent on salaries and benefits. Virtual schools are funded on the basis of the median for the state with respect to each category of pupil. That is because their attendance areas are statewide and not limited to a district.

Other public funds that would be available to the charter schools are:

- Special education funds which follow the student whether they are in a traditional school or a charter school
- Alternative school support funds if the school qualifies as an alternative school
- Transportation support (virtual schools use this money for home delivery of education)
- Federal funds if the school (either charter or virtual) has been designated by the State Board of Education as a local education agency (LEA). In the traditional public schools, the district is the designee.
- Lottery money
- Discretionary funds and others

Brought into the funding picture is the equalization calculation which tries to bring some balance to the revenues of wealthy school districts (areas of high property values) and of poorer school districts (areas of low property values) by providing more funding for maintenance and operation for poorer districts and less (to none) for wealthy districts. Charter schools are entirely funded by the state and not by any property tax.

Other funds available to charter schools:

- Loans from financial institutions or individuals
- Donations—monetary or in services
- Federal start-up grants

Charter schools have access to what can be referred to as “start-up” money from the state. In June of each year, the State Department of Education is authorized to make an advance payment of 25% of a public charter school’s estimated annual apportionment for the first year of operation and each year thereafter, provided the enrollment increases by 20 students or more. If a charter school’s enrollment is lower than anticipated, the allotment for the salary for that extra teacher does not have to be refunded to the state.

Comparisons made in the Presentation to the Charter School Commission, Dec. 5, 2005 for FY04

Total revenues per enrolled traditional public school student was \$7, 360
Total revenues per enrolled charter school student was \$6,722
Thus charter schools bring in \$638 per student less than traditional public schools

(Ref. Appendices B - D)

To help compensate for the lack of access to property taxes, charter schools receive about \$1000 more per student in state funds than traditional public schools receive for theirs.

Charter schools receive about 20% less in funding from total tax sources (federal, state, and local property tax) than traditional public schools. Without other funds (commercial loans, grants, donations), charter school total revenue per student would be \$1,400 less than the statewide revenue per student.

The presenters at the Commission hearing stressed repeatedly that these average numbers are really not good comparisons for a variety of reasons, all of which lead back to those three determiners of funding: size of the school, grade level of the school, and experience of the teachers.

For instance, the average charter school is an elementary school. So when an average is taken for all charter schools, it tends to represent the levels of funding for an elementary school. However an average for all the traditional schools is based on kindergarten through 12th grade which makes the average higher because of the secondary school component. Additionally, most charter schools are small, so they tend to qualify for more support units/students than the larger traditional public schools.

In fact, it is even difficult to make comparisons between charters schools themselves because they have different characteristics based on those three determiners, and they may have different sources of funding. Charters which are their own local education agency (LEA), for instance, have higher revenues than those who don't (Ref. 49). Charter schools may also receive federal start-up grants.

Discussion

The funding issue is perhaps the most contentious issue in the charter school debate. Local school districts dislike the loss of revenue when funds are shifted to a charter school, but as Bill Goesling of the Charter School Commission, has pointed out, "Children are not the property of the (school) district. These funds follow the student to whichever public school he/she chooses to go whether it is a traditional public school or a public charter school."

It is true, that traditional public schools and charter schools are in competition for state tax dollars. Advocates of traditional public schools point out that students in charter schools cost the state \$6 million more dollars per year than if they were educated in traditional public schools in their districts (Ref. 16). Charter school advocates point out that charter schools do not receive property tax money and taken all together, charter schools receive less in all tax revenues than do traditional public schools. All of these things are true. And there will be a constant pressure from advocates on both sides to protect their funding—and indeed seek more funding.

Charter schools are pressing for access to local tax funds to fund their facilities. Advocates of traditional schools point out that, as nonprofit corporations, charter schools have the ability to raise funds; they do not have to go to the local electorate to ask for additional moneys. They also can spend tax dollars to improve their infrastructure, and then they can sell it to put funds back into the school. They also argue that charter schools can control their costs by setting their own enrollment levels and their own staffing levels and by asking staff to take reduced pay while traditional schools cannot. Both sides have valid points.

Questions continue to be raised about certain aspects of funding for virtual schools. Of all charter schools, virtual schools would seem to be the least expensive to operate. There is no campus, there are fewer teachers per student, and many of the services to operate the school are contracted to a for-profit company. Along with receiving funding for the support units for which they qualify, they also receive transportation funds, although they transport no students. Where is this money going, one might ask? And, if the bulk of administrative funds are going to for-profit companies to run the school, what costs

can they possibly be incurring that would off-set the cost of an actual building, utility bills, and all the other costs associated with schools that have campuses?

All funding for Idaho school facilities have been put into limbo by the recent Idaho Supreme Court decision in 2005 which ruled that the current funding formula for facilities is unconstitutional. So any attention paid to either traditional or charter school advocates on the issue of facilities funding may depend upon resolution of the larger issue at hand.

SCENARIOS AFFECTING FINANCES OR FUNDING IN THE FUTURE

To try to anticipate how the charter school movement may develop in the future, national reports on charter schools were surveyed to see what the trends are or what is being proposed. Some of those trends are noted below. They have not been proposed in Idaho to date.

- College or university level charter schools.
- Charter schools for adults in specialized subjects such as English as a Second Language (ESL) or for secondary education.
- State-sponsored virtual charter schools to admit students from any state in the nation or from abroad.
- Publicly-funded charter schools to be bought or sold to another publicly funded charter school.
- Publicly-funded charter schools with branches—governed by the same governing board.
- All charter schools in a state overseen by one entity.

Discussion

Charter schools are constantly evolving—that is part of their mission. It would be useful for educators, the public, and the legislators to be aware of national trends in the charter school movement in order to plan for possible developments in Idaho’s charter school movement. With the charter school movement being relatively new to Idaho, each group involved is still sorting out how to make its operations and responsibilities more efficient and more relevant to actual needs and practices.

SUMMARY

For the most part, charter schools manage their finances successfully, and they are fully accountable for them. Careful preparation of petitions, compliance with the recommendations of the Legal Sufficiency Review from the Department of Education, good financial record-keeping by the governing boards themselves, and timely and disciplined oversight of financial matters by the chartering entities—with corrective action if necessary—would probably take care of nearly all the irregularities noted in this report. Thus, if applied, the charter school law seems to be adequate to ensure financial accountability.

There is a basic question here that has not really been addressed. The Attorney General’s Opinion No. 86-13 written to the Secretary of State, states that “School districts are constitutionally prohibited from creating or aiding any private nonprofit corporation, and are not statutorily authorized to create public corporations.” It would seem from this opinion that school districts, in authorizing the creation of a charter school which is also a nonprofit corporation, are in violation of the constitution. The Attorney General’s opinion cannot be tested unless there is a lawsuit filed, and then the matter would be adjudicated in the courts. If that situation actually happened and the charter school law were deemed unconstitutional on this particular point, the obvious remedy would be for all charter schools to be

chartered by the Charter School Commission. As has been discussed previously, two competing systems—one overseen by a non-elected body and one overseen by an elected body—could produce two sub-standard systems of public education.

There is another concern about the funding of charter schools. Currently, the 24 charter schools supplement their revenue with loans, donations in funds or services, fund-raisers, etc. These 24 schools serve 3% of the student population. As the numbers of charter schools grow, there may be a limit on how much private individuals or private enterprises in Idaho are willing to support those charter schools, especially because they already are quite likely paying property taxes.

Charter schools are proposing that they have access to local property taxes. In this case, traditional public schools may insist that it would be unfair for charter schools to share property tax money while continuing to have a nonprofit corporation status which allows them to borrow money to fund their facilities—a practice the local schools are barred from doing. The concern over access to property tax isn't just about who receives more funds than the other. It is also about public oversight of expenditures on facilities. Expenditures on capital investments by traditional public schools must be pre-approved by local property taxpayers through bond levy elections. Expenditures on capital investments by charter schools can be made without prior approval by the taxpayer (state) and are overseen only after the fact of the expenditure when the chartering entity reviews the financial audits of the charter school.

Of all of the aspects of charter schools, it is the financial aspect of those schools to which the public most responds. Instances of financial misconduct or profit-making from charter schools that have been reported in the press can rile the public in a way that no other aspect of charter schools can. It is going to be very important to the future of charter schools in Idaho that schools are accountable and that chartering entities respond appropriately and in a timely fashion when there are irregularities.

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Appendix A

IDAHO CHARTER SCHOOLS

Chartering entity, Enrollment, Grades Served, and Delivery System (Brick & Mortar or Virtual)

School Name	Chartering Entity	Enrollment 2004-05	Enrollment 2005 est.	Grades Served	Delivery System
ANSER Charter School	Boise #001	192		K-7	B&M
Blackfoot Community Learning Ctr.	Blackfoot #055	77		K-6	B&M
Coeur d'Alene Charter Academy	Coeur d'Alene #455	378		6-12	B&M
Compass Charter School	Charter School Comm.		233	K-8	B&M
Falcon Ridge Public Charter School	Charter School Comm.		270	K-8	B&M
Hidden Springs Charter School	Boise #001	395		K-9	B&M
Idaho Arts Charter School	Nampa #131		515	K-12	B&M
Idaho Distance Education Academy	Whitepine #288	619		K-12	Virtual
Idaho Leadership Academy	Snake River #052	136		9-12	B&M/Virtual
Idaho Virtual Academy	Charter School Comm.	1738		K-9	Virtual
INSPIRE Connections Academy	Charter School Comm.		146	K-12	Virtual
Liberty Charter School	Charter School Comm.	388		K-12	B&M
Meridian Charter High School	Meridian #002	193		9-12	B&M
Meridian Medical Arts Charter H.S.	Meridian #002	170		9-12	B&M
Moscow Charter School	Moscow #281	129		K-6	B&M
North Star Charter School	Meridian #002	263		K-8	B&M
Pocatello Community Charter School	Pocatello #025	180		K-8	B&M
Richard McKenna Charter H.S.	Charter School Comm.	248		9-12	B&M/Virtual
Rolling Hills Public Charter School	Charter School Comm.		227	K-8	B&M
Sandpoint Charter School	Lake Pend Oreille #084	141		7-9	B&M
Thomas Jefferson Charter School	Vallivue #139	234		K-7	B&M
Upper Carmen Public Charter School	Salmon #291		26	K-3	B&M
Victory Charter School	Charter School Comm.	236		K-7	B&M
White Pine Charter School	Bonneville #093	258		K-7	B&M

There currently are 24 charter schools enrolling approximately 7400 students or about 3% of Idaho's K-12 population. Sixteen are authorized by 13 different districts and 8 are authorized by the Idaho Charter School Commission. Four others have been approved to begin operation in the 2006-2007 school year—three by the Commission and one by a local school board. (Updated October 2005).

Charter School list from:

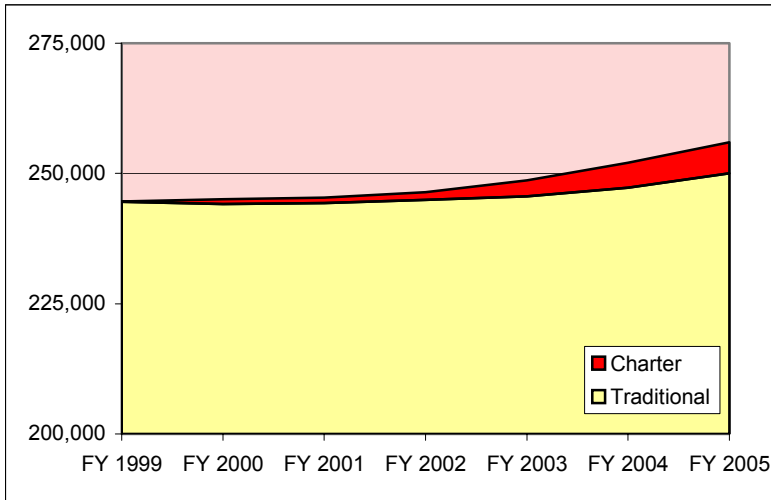
<http://www.sde.state.id.us/instruct/docs/charter/05/OperatingidahopublicCharterSchools.pdf>)

Enrollment statistics are available for 2004-2005 at <http://www.sde.state.id.us/finance/docs/04-05financialsum/StwideTotalsComparisons.pdf>

2005 Enrollment estimates on newly opened charter schools taken from Charter School Network website <http://csi.boisestate.edu/icsn.htm> or from polling the new schools.

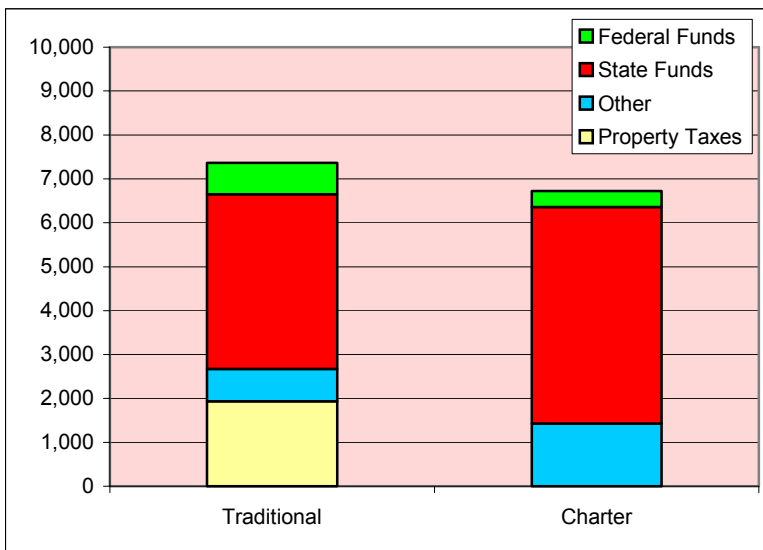
Appendix B

Idaho Public School Enrollment Traditional Public & Public Charter Schools



Year	Traditional	Charter
FY 1999	244,572	51
FY 2000	244,116	915
FY 2001	244,294	1,083
FY 2002	244,927	1,478
FY 2003	245,602	3,058
FY 2004	247,270	4,767
FY 2005	250,029	5,975

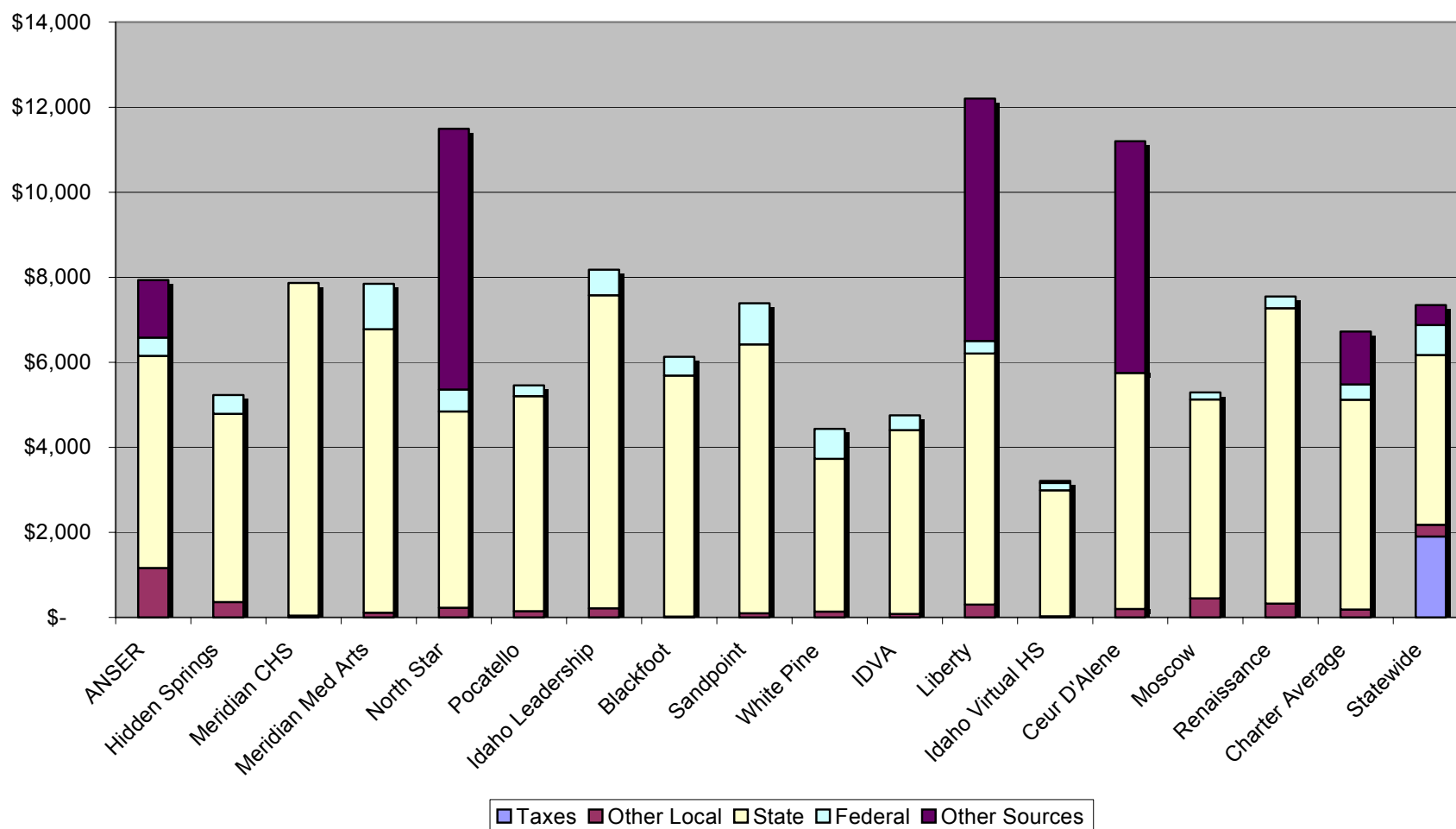
FY 2004 Total Funding per Enrolled Student Traditional Public & Public Charter Schools



Funding	Traditional	Charter
Property Tax	\$1,937	\$0
Other Local	736	1,426
State Funds	3,976	4,932
Federal Funds	711	364
Total	\$7,360	\$6,722

Source: Jason Hancock, Legislative Services
Presentation to the Charter School Commission on Dec. 5, 2005

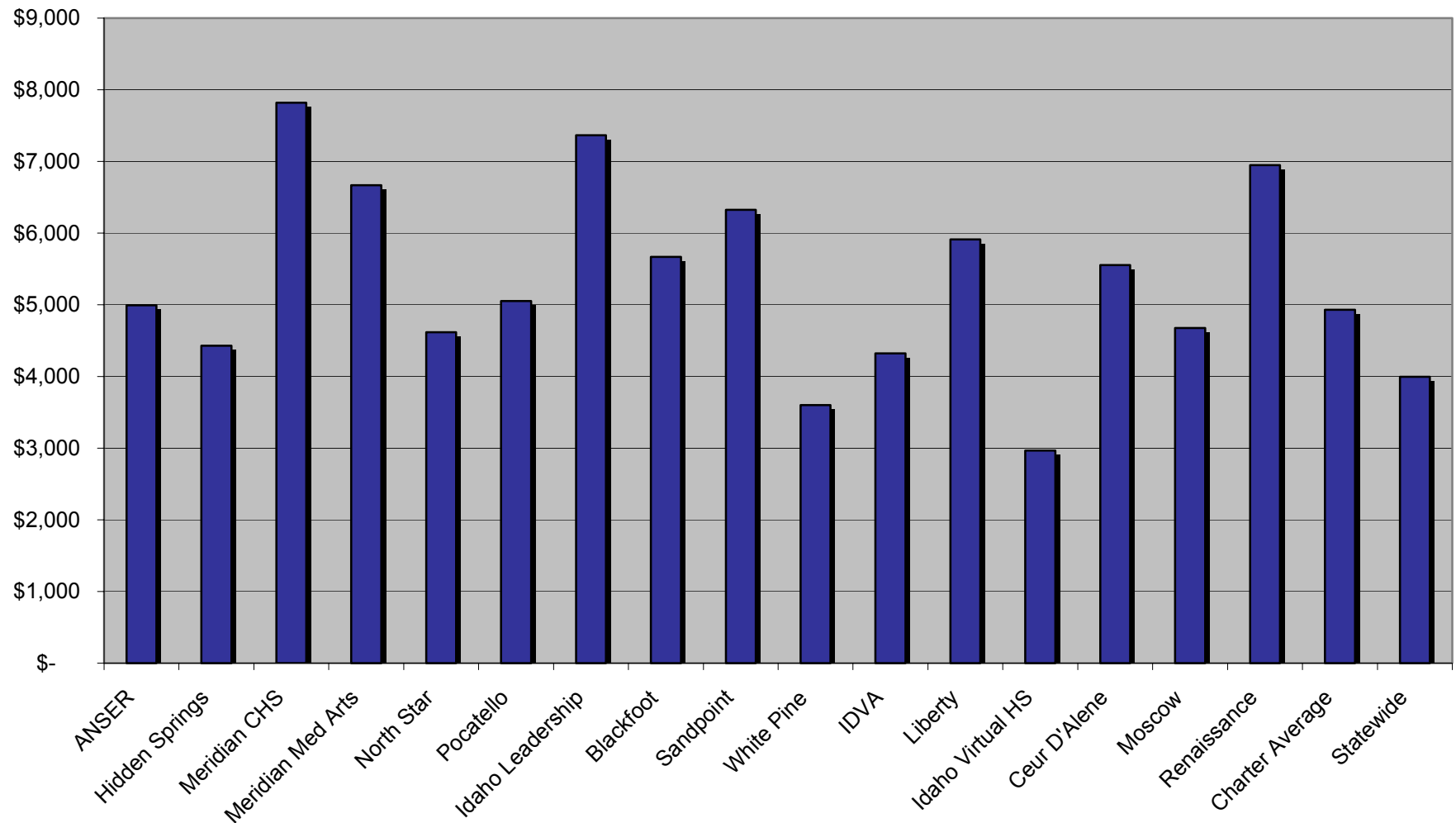
Total Revenue per Student 2003-2004



Source: *Jason Hancock, Legislative Services*
Presentation to the Charter School Commission on Dec. 5, 2005

Appendix D

State Revenue per Student 2003-2004



Source: *Jason Hancock, Legislative Services*
Presentation to the Charter School Commission on Dec. 5, 2005